EAST INDIA (PROGRESS AND CONDITION).

STATEMENT

EXHIBITING THE

MORAL AND MATERIAL PROGRESS AND CONDITION

OF

INDIA

DURING THE YEAR 1924-25.

SIXTIETH NUMBER.

India Office,
30 November 1925.

A. HIRTZEL,
Under Secretary of State for India

(Presented pursuant to the Government of India Act.)

Ordered, by The House of Commons, *to be Printed,*
1 *December*, 1925.

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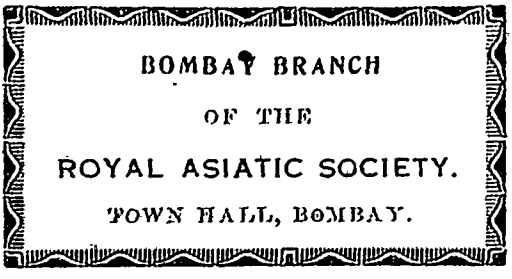

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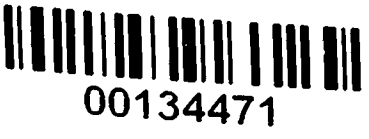
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India in 1924-25

A Statement prepared for presentation to Parliament in accordance with the requirements of the 26th Section of the Government of India Act (5 & 6 Geo. V, Chap. 61)

By L. F. RUSHBROOK WILLIAMS, C.B.E.

All Souls College Oxford

Director of Public Information
Government of India

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PREFATORY NOTE.

The task of preparing this report for presentation to Parliament has been entrusted by Government of India to Professor L. F. Rushbrook Williams, C.B.E., and it is now presented under authority and with general approval of Secretary of State for India; but it must not be understood that the approval either of the Secretary of State or of the Government of India extends to every particular expression of opinion.

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EXPLANATION.

Except where otherwise mentioned a pound sterling is equivalent to fifteen rupees. To minimise confusion the rupee figures are also given in important statistics. Three crores (30 million) rupees may thus be taken as equivalent of £2 million sterling; and three lakhs (3,00,000) rupees are equal to £20,000.

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India in 1924-25.

CHAPTER I.

External Relations.

Throughout the centuries, as her history shows, the fortunes of India have been profoundly affected by the incursions of warlike peoples, at whose hands she has suffered incalculable damage, both moral and material. Since her fertile plains offer irresistible attraction to the predatory peoples of Central Asia, the duty of defence ever has bulked large among the responsibilities of every power ruling Hindustan. Nevertheless, the tale of India's invasions is long and lamentable. Not once, but on many occasions, have races of inferior culture but superior prowess in the art of war, poured through her northern passes, overthrown her indigenous dynasties, and frustrated her efforts at self-unification. It is significant, however, to notice that the empires established as a result of invasions from the north have been unable to maintain themselves intact for long periods. There seems indeed to be some peculiarity in the Indian climate that offsets in course of time the primitive vigour by virtue of which invaders from Central Asia impose their sway upon the peoples of Hindustan. Hence, the history of invasion is punctuated by periods of quiescence, when the indigenous powers raise their heads above the submerging flood, and attempt to consolidate a centralised polity. But before long, a fresh wave of invaders sweeps over the land. The Indian peoples bend to the storm, and the cycle begins anew. Certain historians maintain that the endurance of a particular domination in India depends directly upon unimpaired communications between the Imperial race and the clime from which it originally derived its vigour. So long, they say, as new blood is available to repair the ravages of the Indian heat and make good the enervating effects of that luxury

India and her Invaders.

The Cycle of History.

which is the fruit of conquest, the existence of the empire is secure. But when the recruitment fails, as fail it eventually does on account of the difficulty of preserving the long line of land communications between India and the temperate regions of Central Asia, the end is not far off. Whatever be the truth of this theory, the facts which it seeks to explain are writ large upon India's record. It seems, moreover, undeniable that every foreign empire has found itself impelled, as it were by instinct, to base its rule upon officers who are not merely of its own race, but recruited, whenever possible, from its own country of origin. Since India has become a member of the British Commonwealth, she has enjoyed security from invasion, great and small. But it is never wise to forget that the facts of India's geography remain unaltered; and that those natural entries which in times past have facilitated the advance of invading armies into the heart of the country, are still in existence. In times past, the great invasions have been almost without exception conducted from the landward side.

Problems of the Future.

Even now, it is the North-West frontier which is generally accepted as the quarter from which danger is most likely to come. It may, however, be questioned whether, with the development of sea communications which has characterised the history of the last two centuries, India is not likely to find herself subjected, in the event of a world conflagration, to grave danger of attack from the sea. It would perhaps be unjustifiable to suggest that the naval defence of India may in future assume as prominent a part in her destiny as that which has been played in times past by her defence from the landward side; but it seems none the less difficult to exaggerate the importance of this aspect of the general problem. Once in possession of her sea communications, an enemy could not only cut her off from the rest of the civilized world, and thereby ruin the millions dependent on her external commerce; but could adopt the more active measures of seizure of her maritime towns and of invasion in force.

We may now briefly review some of those conditions upon which the problem of defending India both by land and by sea must necessarily be based. For a country which possesses a land frontier of over 6,000 miles in length India is comparatively well sheltered. But there are joints in the armour.

The Land Frontiers.

On the North the well-nigh impenetrable barrier of the Himalayas protects her from invasion; and only by the Chumbi Valley Passes is there any access between India and Tibet. The general condition of this country remains mediæval rather than modern; and neither from Tibet itself nor from the region beyond it does an invasion of India seem at present a practical possibility. Quite apart from which, the relations between India and Tibet are most friendly, and the Tibetans appear to value the goodwill of the Government of India as a factor likely to be of service to them in the preservation of their jealously-guarded inaccessibility. The internal politics of Tibet seem lately to have been modified by the activities of a progressive party under the leadership of the Dalai Lama. Attempts have been made for example, to modernise the equipment and increase the strength of the army. During the next few years, the struggle between progress and conservatism will probably be fought out.

Tibet.

The relations between India and the neighbouring state of Nepal have been for more than a century of the friendliest character. This fact is fortunate for both parties. Nepal is a valuable ally in so far as sections of her population furnish excellent soldiery, who fought magnificently in the Great War; while her potential strength was displayed in the rapid extension of her dominions early in the 19th century. On the other side, it is to India that Nepal will naturally look if and when she should desire assistance for the development of her natural resources. The diplomatic relations between the two countries are governed by a treaty signed in December 1923 and ratified on the 8th April 1925. Each has agreed to inform the other of any friction or mis-understanding with the states in territories adjoining their common frontiers. The British Government acknowledge the right of Nepal to import through British India arms, ammunition and warlike material so long as they are satisfied that the intentions of the Nepal Government are friendly. In its turn, the Nepal Government has agreed that the export of arms and ammunition across its frontier shall be prohibited. Other articles of the treaty provide for the free passage through the Indian Customs of goods imported under the mark of the Nepal Government.

Nepal.

To the North-East, there are some practicable passes upon the Assam frontier. But the difficulty of the country militates against the possibility of serious invasion. The border of Burma, however, marches approximately one thousand miles with that of China, and is not entirely wanting in communications fit for bodies of civilized troops. From time to time the peace of this section of the frontier is threatened by occasional incursions; for the state of lawlessness in Yunnan has increased during the present unsettled condition of the Chinese Republic; and brigand bands are numerous. Until such time as the course of Chinese politics brings into power a Government strong enough to reassert its authority over the outlying provinces, minor incursions into Burmese territory are always possible. Nor must we forget that, at the present time, there are over a million armed soldiers in China. It is true that these are divided among a number of provinces and under numerous leaders, mostly fighting against each other; but if the time should come when China is again welded into some measure of unity, these large armies may constitute a potential danger.

North-East Frontier.

We should notice that in 1923 a Burma Frontier Service was established for the protection and civilization of those tracts of territory which adjoin China. The official relations between the British and Chinese administrators on their respective sides of the border remain cordial; and annual meetings are held for the adjustment of complaints made by the subjects of each country.

Further South, Burma marches for some 100 miles with Laos, a province of French Indo-China, and then for over 600 miles with Siam. Communications between Burma and these countries are no better than those between Burma and Yunnan. British relations, both with Indo-China and Siam, are excellent. There appears to be little chance of any serious trouble arising between these countries and the British Empire. At the same time, it is well to note that both Indo-China and Siam are well prepared for war. Indo-China has a peace strength of 28,000 European and native troops, with a reserve of several hundred thousand trained natives, and an air force of two squadrons.

French Indo-China and Siam.

Siam has a peace army of approximately 120,000 men. Military service in Siam is compulsory and universal, and there is a trained reserve of about 400,000 men. The Siamese Government has devoted

much attention to aviation, and an efficient air force exists; commercial and postal services are carried on and there are believed to be some 250 aeroplanes in the country.

The North-West Frontier.

As will be clear from the foregoing, it would be a mistake to ignore the military problems of the North and North-East frontiers, which in the future may conceivably assume considerable importance. But it is to the North-West Frontier that the eyes of India principally turn. Here lie the gates through which invading peoples have periodically penetrated into India's very heart. In many parts of Hindustan, folk memory still recalls the dread which these marauders inspired: while in the proverbial philosophy of the people striking survivals of ancient terror may be discovered by the curious. That freedom from invasion which has followed the establishment of the British Raj, is gradually obliterating the memory of those long centuries during which strong men, armed, rode at the head of Central Asian chivalry to the conquest of Hindustan, and the despoilment of her people. But even among the educated classes, with their western ideals and their progressive outlook, the menace of invasion from the North-West is by no means ignored. The fact that the countries which lie beyond India's North-West Frontier are predominantly Mussalman in faith, still continues to exercise a marked influence upon the currents of Indian politics. At the present moment, the gates of the North and North-West, guarded as they are by an army based upon British traditions and experience seem securely locked and barred against the possibility of violation. But the gates themselves remain; and to keep them closed against the foreign invader is a task which will always constitute the primary obligation of any Government which rules India.

Defence by sea.

Such in brief are the permanent geographical factors controlling the problem of India's defence by land. This does not, however, exhaust the task of her defenders. Since the rise of modern sea-power, her long coast-line has come to constitute a potential source of weakness. Her sea-borne trade is rich; the proportion of her wealth collected into centres within practicable distance of her coast-line very great. Good harbours are few; and, from the naval point of view, with certain exceptions, not easily defensible. It seems, therefore, no exaggeration to state that adequate naval protection

will in future constitute a postulate of her national existence. Should her surrounding seas fall under the dominance of her foes, she can never be secure from invasion; should her oceanways be shut against the traffic of the world, she can never advance along the road to prosperity. The whole problem of India's maritime defence may be expected to loom larger as the years pass. In the last war, the exploits of the "Emden", fruitless as they were, brought terror to large sections of the population of the coastal towns. Trade was disorganized; wild panic occurred in places far beyond the reach of the solitary and comparatively insignificant vessel to which it was due. The whole incident demonstrates conclusively how easy and how damaging to India an attack from the sea may prove. Moreover, it took place at a time when Britain's fleet undertook the naval defence of India as one of its great tasks; when none but a solitary raider could escape, even temporarily, from the iron grip of an all-embracing sea-power. An India thrown upon her own resources, exposed to attack from a first-class navy, would be indeed in desperate case. So long as her connection with Great Britain persists, and so long as the naval power of the Empire remains adequate for the discharge of its manifold responsibilities, it seems unlikely that India would have to reckon with an invasion from the sea or any major naval action near her coasts. Even so, if another world conflagration should unfortunately occur, she must expect minor raids upon her shores and spasmodic attacks upon her sea-borne traffic. But should she ever lose her connection with the British Empire, she would have to reckon with the possibility of attack by first class naval Powers. Successfully to oppose such attack, she would be obliged to maintain a battle fleet at least equal in strength and efficiency to that of her assailant.

An Indian Navy.

At present her lack of facilities for constructing and maintaining modern ships of war, together with her financial situation, make the prospect of possessing such a fleet somewhat visionary. As a member of the British Commonwealth of Nations, however, she may expect that the co-operation of the Royal Navy will relieve her from all but a share in the burden of her sea-defence. While this holds true superior force can be opposed to any naval threat to India's safety, from whatever direction it may be made. It seems clear, however, that the advance of the country towards the goal of Dominion status must entail

increasing responsibilities in this, as in other directions. At the present moment, India's contribution to her own naval defence bears no sort of proportion to the value of the services she receives. She makes an annual payment of £100,000 towards the upkeep of the East Indies squadron; and she maintains the ancillary service known as the Royal Indian Marine. Whether such an arrangement can be permanent remains to be seen. The naval defence of the individual components of the British Commonwealth cannot now be left to Great Britain alone. The sister nations are contributing more and more of their resources to the instrument upon which the general naval security of all depends. It seems, therefore, probable that the question of the eventual development of an Indian navy in some shape or other is one which the people will be compelled in the future to face. Progress must necessarily be gradual, first on the score of financial stringency and secondly on the ground that while the lower ratings are available, a class of Indian naval officers still has to be called into being. The national aspirations of the educated classes, as voiced in the Legislative Assembly, are tending steadily towards the formulation of a policy which will secure for India a future upon the seas. Those who have devoted thought to the matter realise that India is unlikely for many years to provide her own naval defence from her own resources. But this consideration has not operated to prevent the growth of a desire that she should take a larger part than at present in providing for her own security by sea. Demands have been made for the establishment of facilities for naval training in India, particularly a Nautical College and training ships. The admission of Indians to the superior ranks of the Royal Indian Marine has also been asked for. Under regulation they are already eligible but a marine career is unfamiliar and in the absence of special encouragement and of facilities for training no qualified Indian candidate has so far actually come forward. There is also a growing demand among the educated opinion in the great coastal towns that a mercantile marine for India should be fostered by State action. The considerations which underlie this last demand seem rather commercial than naval in their origin. But it can hardly be denied that if India is in the future to maintain her own fleet unit, however modest, she would find in a mercantile marine an indispensable ancillary to her naval service.

Since India represents the terminus of a great highway trodden by the feet of countless invaders from Central Asia, she necessarily regards with some concern the situation of her neighbours on the North-West. Rarely is the spectacle reassuring. Up to the first decade of the XX century, the much discussed Russian menace to India was a source of anxiety to those in high places. With the conclusion of the Anglo-Indian Agreement of 1907, a complete change took place in the relations existing between the two Powers. The entente lasted until the Bolshevik revolution of 1917. As a result of that upheaval, many portions of the old Czarist Empire took advantage of the administrative breakdown to constitute themselves into separate States. In the course of the succeeding four years, however, the Soviet Government proceeded to overthrow the new political units of Daghestan, Azerbaijan Armenia, and Georgia; and to regain control of Russian Turkestan by crushing the Khan of Khiva and the Amir of Bokhara. These States were granted nominal autonomy as Soviet Republics within the Russian Federation; but in actual practice were ruled so harshly that a succession of insurrectionary movements occurred.

India and her Northern Neighbours.

Russia.

The Soviet and Central Asia.

The Mussalman peoples of Central Asia soon realised, despite the efforts of the propagandist, the essential incompatibility between the tenets of Islam and those of irreligious Bolshevism. Hence, while Soviet rule is now, broadly speaking, accepted over the old Russian provinces in Central Asia, the Bolsheviks have failed to enlist the enthusiasm of their Mussalman subjects in the spread of Communist doctrines. Moreover, experiments directed towards the introduction of State socialism have reduced these areas to a state of economic chaos and general misery.

A new policy.

Of late, however, a change seems to have come over Soviet policy in this region. The propagation of Communism has been abandoned in favour of the encouragement of nationalistic aspirations among the various races under Russian influence—a plan which may well indicate fresh designs of advance in the direction of India. Russia has at present scarcely made good the chaos into which her Asiatic possessions fell subsequent to the revolution. But the Soviet Government has steadily continued to re-establish its authority. Considerable pro-

gress has been made with the Kerki-Termez Railway; while the Semirechian Railway has been constructed as far as Pishpek. Russian influence has been extended into Chinese Turkestan and very markedly into outer Mongolia, over which Chinese hold has relaxed. A Trade Agreement has been signed with China providing, among other things, for the immediate resumption of normal diplomatic relations between the two countries. The importance of this new thrust which Russia is making in the general direction of India lies principally in the fact that Soviet policy is professedly directed to carrying out the revolutionary designs of the Third International. Highly placed Russian officials have openly announced that the main ambition of Russia is to create a revolution in the East with the object of destroying British power and British prestige. In other words, the traditional designs of Russia, after being temporarily suspended as a result of the 1907 Agreement, have now been resumed in a new and more formidable shape. A flood of anti-British propaganda is being directed against impressionable points on the perimeter of the British zone. Early in 1923, as was mentioned in last year's Statement, His Majesty's Government made a vigorous protest; but the theoretical distinction maintained between the Soviet Government and the Third International has operated to render this protest largely ineffective. Although the fiery denunciations of Great Britain emanating from Soviet statesmen seem to be inspired quite as much by the desire of maintaining and extending Russian influence as by any determination to foster the spread of Communism, it seems impossible to believe that normal relations between Russia and the British Empire can be resumed until the underground revolutionary activities of the Third International, which are directed towards the expansion of Russian influence in Asia, are entirely abandoned.

Its Implications to India.

There are many indications that the Soviet Government are now concentrating their efforts upon extending their influence in Afghanistan. One form which their efforts have taken is that of great commercial activity; and early in 1925 negotiations were commenced for a Russo-Afghan Trade Convention. A telegraph line has now been completed from Kushk to Herat and is ultimately to be extended towards Kandahar. Proposals are on foot for the improvement of communications between Kabul and the Oxus. The new nationalistic policy

Afghanistan.

of the Soviet Government, to which we have already referred, is likely before long to constitute a serious threat to the unity of the Amir's territories; since the newly constructed republics of Uzbak and Turkestan seem obviously intended eventually to include the Uzbeks, the Turkomans, and the Tajiks who are at present subjects of the Amir.

Under the leadership of His Majesty Amir Amanullah Khan, the principal pre-occupation of Afghanistan is to strengthen her resources. For the last five years, the present Amir has been engaged in a far-reaching programme of reform and progress.

Recent History.

Steps have been taken to control and limit the arbitrary authority of local officials; experiments are being undertaken in Customs and Revenue regulations to explore more efficient methods of taxation; and endeavours are being made under Government auspices to discover fresh markets for Afghan produce. None of these reforms are popular; and the introduction of secular education and a secular code of administration aroused great hostility among the powerful party represented by the Mullahs. Their preaching inflamed the tribesmen, who resented the Amir's attempts to enforce conscription and to change their customs. The result was a formidable rebellion of Mangals and Zadrans in the Southern Province in March 1924. An army of some 6,000 men surrounded Matun, the capital of Khost. By the middle of April, a large part of the Southern Province was involved in the insurrection; and with the exception of a short period in May, when the rebels dispersed to their homes, desultory fighting continued for three months. In July, a certain Abdul Karim, a slave-born son of the ex-Amir Yakub Khan, escaped from surveillance in India and arrived in Khost, where he posed as the rightful Amir. It does not appear, however, that his presence had much effect on the conduct of the rebellion, in which the Suleman Khel Ghilzai now took the lead. The Amir's troops experienced several serious reverses, particularly at Bedak, Patkha, and Hisarak; and the Government decided to enlist auxiliaries from the Khugiani, Afridi, Mohmand, Kunari, Shinwari, Wazir, and Hazara tribes. At one time the rebels were astride the Kabul-Ghazni road, and reached within measurable distance of the capital itself. For want of a united policy, however, they failed to push their advantage home; and Afghan diplomacy, working on their internal dissensions, eventually broke their resistance. In these successes the Afghans were

helped by the advent of the seasonal migration of the tribes, and by the moral effect of aeroplanes purchased from the Indian Government. The Suleman Khel, although unpunished, were the first to give way with the departure of many of their sections on their usual winter migration into India. The Mangal and Zadrans also entered into negotiations, through the mediation of tribal auxiliaries in Afghan service. The pretender Abdul Karim fled to India, where he was arrested and confined in jail. At the end of March 1925, fighting had practically ceased, since the Mangals had been reduced to submission by effective military action and the taking of hostages; while the Zadrans, though not fully subdued, were awaiting the return of the Ghilzais from India before making up their minds whether to renew the struggle. Everything depends upon the attitude of the Ghilzais, who are still being detained in India, while it is being impressed upon them that the Government of India will view with extreme displeasure any renewal of the rebellion against the Amir's Government. It seems impossible to deny that this rebellion constitutes a serious blow to the reforming policy of His Majesty the Amir, who has consented to withdraw almost the whole of his new Administrative Code and to revert to the Mahommedan Law, which was previously in force. One result of this has been a marked revival of religious intolerance, as instanced by the public stoning to death of three harmless followers of the Qundiani sect.

Indo-Afghan Relations.

Since the action taken by Afghanistan to satisfy the demands of the British Government in regard to the terrible frontier outrages of 1923, the relations between His Majesty the Amir and India have remained satisfactory, and, indeed, have been marked by increasing friendliness. During the rebellion in the Southern Provinces, the Indian Government did all in their power to assist the Amir and to prevent the tribes on the Indian side of the Durand Line from taking part in the insurrection. Two aeroplanes were sold to the Afghan Government; and their timely arrival proved of great service to the Amir in overcoming the crisis with which he was confronted. At a later period, further, rifles and Lewis guns were provided; and at the time of writing, the Government of India are taking action with regard to the Ghilzais, as described in the previous paragraph, which should prove of great value to the Afghan Government. On the whole, the Amir has shown a disposition towards strengthening the bonds of friendship between himself and Great Britain. But his

difficulties are great; since there is a powerful school of thought in Afghanistan which holds the traditional view that the success of Afghanistan relations with India is in proportion to the success of her efforts to influence our frontier tribes. Amir Amanullah and his present advisers appear to have realised that this policy is not conducive to friendly relations with a neighbour, whose goodwill he genuinely desires. Though he has been forced by lack of adequate troops to employ some British tribesmen in the suppression of the rebellion, his general attitude towards frontier questions throughout the year has indicated a desire to behave in a correct and friendly manner. In estimating the measure of the Amir's fulfilment of his neighbourly obligations, regard must be had to the peculiar difficulties of his position.

Independent Territory.

The obligations of India upon the North-West Frontier are not confined to her international relations. Between the Durand Line, which marks the Afghan frontier, and the Provinces of British India, there lies a tract of territory which, though part of the Indian Empire, is not directly administered by the Government. Here dwell in rocky and desolate fastnesses a number of warlike tribes, who eke out the meagre subsistence their lands afford by raiding their more and peaceful prosperous neighbours. Their martial spirit, and their fierce devotion to what they understand of the Muslim faith, make them formidable antagonists; while their barbarity and savage independence constitute a standing menace to the security of India. It is difficult to conciliate them; it would be a herculean task to suppress them. They constitute a permanent advance guard of invasion within India's very borders. They can muster nearly half a million fighting men, a large proportion equipped with modern rifles; all with ancient barbarity. They constitute a standing invitation to external intrigue. There is always a grave risk lest a sudden outbreak of fanaticism may start such a flame as will set the border ablaze. It is the task of the British and Indian officers of the Political Department to shepherd these restless peoples, and to influence them, so far as may be, in the direction of peace and order. Irregular and regular troops keep ceaseless watch and ward over the border; while no expedient is neglected which may persuade the more sober elements to abandon their traditional habits in favour of a more civilised existence. Allowances are paid for good behaviour; the more ardent spirits are enlisted as khasadars or local

levies for the maintenance of order within their own limits; roads are constructed for the development of inaccessible tracts; and pressure of every kind is brought upon those guilty of breaking the peace.

General Conditions of 1924.

During the year 1924, the tranquillity of the borderland has for the most part been well maintained, and there has again been a welcome decrease in the number of raids committed by the tribesmen. Only in Waziristan have any military operations been required; and those of a minor character. The Royal Air Force has fully demonstrated its ability to exact retribution from recalcitrant sections; and on several occasions has accomplished at small cost results which, in the older days, would have necessitated a minor expedition. Generally speaking, the border shows signs of settling down to the conditions which in that restless area pass for peace. The after-effects of the general disquiet of the Islamic world which followed from the war are becoming less marked. Nevertheless, the religious fanaticism to which we have previously directed attention is always stirring. The discontent thus engendered makes the tribal area a fertile field for propaganda of many descriptions. In the northern portions of this territory, pan-Islamic activities and Communist agents are so mingled that they are difficult to distinguish. Wherever British control of a district becomes for a moment weak, these elements of disintegration find their home. It is for this reason that the British authorities consistently support strong and friendly Chiefs along the frontier. The principal distributing centre for Communist propaganda is the colony of Hindustan fanatics at Chamarkand. The existence of such sources of irritation is very unfortunate; for if the tribes of the North-West Frontier are ever to become civilized, they must be free from the operation of external intrigue. Economic pressure of itself makes them restless enough; and the only hope of remedying it lies in the preservation of a peaceful atmosphere.

Survey of the North-West Frontier.

Broadly speaking, the North-West Frontier of India may be divided into four principal sections. The first extends from the Pamirs and Chitral to the Kabul River: the second from the Kabul to the Kurram, practically embracing the Tirah area; the third includes Waziristan: and the fourth comprises Baluchistan. Each

of these four sections presents an entirely different problem to the officers of the Political Department.

Baluchistan.

In Baluchistan, there is no tribal territory between British India and the Amir's dominions. The British authorities administer right up to the Afghan frontier. The tactful control of the tribes presents few difficulties, and the country is steadily advancing towards prosperous order.

North of the Kabul River.

In the wide belt between Gilgit and Chitral to the North, and the Kabul River to the South, the relations between the inhabitants and the British Government are also on the whole satisfactory. A great part of the territory is governed by important chieftains, such as the Mehtar of Chitral, the Nawab of Dir, and the Mian Gul of Swat. However much these rulers may fight amongst themselves, their interests are all on the side of peaceful and friendly relations with the British Government. Trade with India is active; and the Swat River Canal provides a competence for many sturdy persons who might otherwise augment their substance by raiding.

The Tirah.

Further South, in the Tirah, the Afridis and Orakzais have so close a connection with the territory directly under British Administration that it is strongly and manifestly against their interests to undertake any hostile action against India. At the same time, their natural ferocious arrogance and formidable armament together with the peril of their country make them a source of potential danger. The difficulties of our political officers are increased by the individualistic character of the tribesmen. It is true that a number of important maliks exist; there is even a self-styled "King of the Tirah:" but there are no chiefs or rulers, as in the area North of the Kabul River, with whom we can deal in the certainty that they will be able to carry out their undertakings.

Waziristan.

The main problem of the North-West Frontier is, however, presented by Waziristan. Here conditions are quite different. The country is inaccessible to a remarkable degree; the inhabitants are virile and bloodthirsty savages who, from time immemorial, have supplemented the wholly inadequate resources of their sterile land by raiding, robbing

and murdering. Ever since the British Government inherited from the Sikhs the task of controlling Waziristan, this area has presented most formidable difficulties. For many years attempts were made to follow the policy of non-interference. With the exception of granting subsidies to enable the tribal maliks to keep their younger warriors from raiding, and of maintaining posts garrisoned by militia, partly locally recruited, the British administration has had as little as possible to do either with the country or with its inhabitants. But the hope that if they were left alone, they would leave British India alone, proved fallacious. On an average, their repeated misdeeds necessitated active operations of major or minor importance every four years. Since 1852 there have been seventeen of these operations, and since 1911, four. All were occasioned by deliberate provocation on the part of the tribesmen, who have ravaged the plains whenever they saw the opportunity. Alike during the Great War, and during the Afghan hostilities of 1919, their depredations grew bolder than ever; and after the signature of the peace treaty with Afghanistan, they refused the terms offered them by the British Government. Part of the difficulty in dealing with the inhabitants of Waziristan lies in the fact that the tribesmen themselves acknowledge practically no authority. It is therefore extremely hard to build up law and order, as has been done elsewhere, on the prestige of local chieftains. The tribesmen have nothing to lose, and everything to gain by disorder; and unless effective pressure can be brought to bear upon them, it seems difficult to imagine that they will ever abstain from raiding.

The Problem of Waziristan.

Since the last Afghan War, the problem of Waziristan has forced itself upon the attention of the British authorities. As a result of punitive operations undertaken during the year 1920, British troops were firmly established at Ladha in the heart of the Mahsud country. But the question remained as to how Waziristan was to be settled. It may be mentioned that there are two main schools of opinion in connection with frontier policy. One of these, which is generally known as the forward school, would advocate the gradual advance of the area administered by British until the frontier of Afghanistan is reached. Only by so doing, say the advocates of this policy, will it be possible so to develop the sterile country in which the tribesmen dwell that they may attain the wherewithal to live without raiding,

and thus become possessed of a real stake in the maintenance of orderly and peaceful conditions. They urge, moreover, the serious danger of allowing a strong well-armed force of tribesmen to exist in close proximity to our border; and point out that a system of exclusion can only result in the utter barbarism and permanent hostility of the inhabitants. They claim further that, by this policy, a considerable financial saving will eventually result from the cessation of the numerous "burn and scuttle" punitive expeditions of the past, which cost vast sums of money, and left behind them nothing but a heritage of hate. The second school of opinion is that known as the "close border." It advocates the retirement of our forces to positions within the directly administered districts of British India; and the erection of some modern equivalent to the Great Wall of China, for the confinement of the tribesmen inhabiting the territory between these administered districts and the frontier of Afghanistan. Lines of barbed wire linking up posts strongly held, mechanical transport roads running right along the border, constant patrols, and wireless communications, they urge, represent the only practicable means of preventing destructive raids into the settled districts of British India.

Two Schools of thought.

It is impossible to enter fully into the arguments which are cited by the supporters of either school. A rapid advance to the Durand Line is ruled out by the prohibitive cost which such a measure would entail. The "forward" School now advocates steady advance, as opportunity offers. Such opportunity may be found in the invitation of the tribes or in punishment of serious and repeated offences. The programme thenceforth would be one of consolidating the territories occupied, gaining the friendship of the tribesmen, improving their material condition, increasing their prosperity, and gradually bringing them under the influence of civilization. The ultimate goal, to the advocate of the "forward" policy, is the Durand Line. The "closeborder" policy has also many supporters. But it seems certain that the erection of a barrier between British India and tribal territory would result in a legacy of infinitely worse trouble. Such a policy of negation might in reality leave the tribesmen free to brew incalculable mischief, while affording an open invitation to continual intrigue on the part of influences, whether foreign or domestic, hostile to the peace of India.

In Waziristan, the Government of India have inclined to a " forward " policy. They have, it is true, withdrawn regular troops from Mahsud country; but have replaced them by a system of internal control based partly on scouts with British officers, and partly on Khassadars, locally recruited levies who find their own arms and equipment in return for a monthly wage. This system is reinforced by external supervision from the two posts of Manzai and Razmak, which, though outside Mahsud territory, effectively control it. Razmak, which our forces occupied at the request of the Utmanzai Wazirs themselves, in addition to constituting a dominant strategic position, is an almost ideal location for regular troops, being healthily situated nearly 7,000 feet above sea level. But an integral part of the present policy is the construction of roads through regions hitherto almost impenetrable. Already a mechanical transport road links up Razmak to the Tochi on one side, and to Jandola on the other. Another road has been constructed from Jandola to Sarwekai. Regular troops have now evacuated the Mahsud country. It is hoped, while freeing the Mahsuds from the irritant provided by the presence of troops within their border, to rob them of the inaccessibility which has caused their persistence in barbarism. The construction of these roads in Waziristan will provide the channels through which civilization may gradually penetrate. Although protected throughout the greater part of their length only by scouts and Khassadars, it is reported that the roads already constructed are beginning to carry the trade of the country, and to exercise a pacific influence. The Government of India believe that, in thus opening up Waziristan, and enabling a greater degree of civilization to find its way to these inaccessible tracts, they have discovered the best solution of the Waziristan problem.

The policy of the Government of India.

A brief survey of the border from North to South will give the reader some idea of the actual situation which obtained during the period covered by this Report. Taking first the country North of the Khyber, it may be noticed that the personal ambitions of the chiefs of the Yusufzai tribes living in the basins of the Swat and Panjkora Rivers have resulted in a continual state of war. The most important event during the period under review was the death of the Nawab of Dir on the 4th February, 1925. Since his succession in 1905, this chieftain had been a good friend of the Government. He was a strong

Conditions during 1924.

man, and his death is likely to lead to an increase in the intrigue which commonly characterises the politics of this area of petty States. His eldest son, who was recognised as heir apparent in 1918, has succeeded without dispute; and it is hoped that no complications will arise. It is to be remarked that the general uncertainty resulting from the illness and death of the Nawab of Dir has allowed the Hindustani fanatic colonies, particularly at Chamarkand, to extend their influence, with the result that tribal levies and other Government servants have been subjected to certain measures of persecution. The Mian Gul of Swat has consolidated his hold over Buner, of which the conquest was mentioned in last year's Statement. He has given a definite assurance to the Government that he will not extend his domains to the eastern bank of the Indus; but the threat of his advance into Khudu Khel has already involved him in a minor conflict with the Nawab of Amb. In Chitral, there has been friction between the Maulai and Sunni sects of Muslims, which resulted in the flight of some of the former, who alleged that pressure was being put on them to change their religion. They have now mostly returned.

Dir and Swat.

Chitral.

Events in Tirah during the past year have been to a great extent influenced by the fact that when the notorious Ajab and two members of the Kohat murder gang surrendered themselves to the Afghans for transportation to Turkistan, a certain Sultan Mir and his son Gul Akbar, the two remaining members, took up their abode in Tirah. The harbouring of these two men was directly in contravention of the agreement reached at Shinawari on May 12th, 1923. Nevertheless, a considerable body of Afridi opinion was in favour of allowing them to remain; and attempts to persuade the Afridis to carry out their agreement were met not only by a blank denial of the presence of the refugees, but also by a counter agitation on the part of the Mullahs and the anti-British party. This agitation was based on the cry that British intervention in Tirah had lately exceeded all bounds; and that this region would shortly share the fate of Waziristan if its inhabitants did not set up a vigorous resistance. But with the annual migration of the tribesmen to the Peshawar district, the authorities at last found themselves able to bring sufficient pressure on the Afridis to compel them to take action. In

Tirah.

January, 1925, a tribal force burnt the house where Sultan Mir had taken refuge. Unfortunately, heavy snow enabled the criminals to escape; and though nearly always at Tirah they move about a good deal. During the year, large numbers of Afridis and Mohmands answered the call of the Afghan Government to assist in suppressing the rebellion in the Southern Provinces. The more important pro-Afghan Afridis with their immediate following, rendered very valuable assistance to the Amir. But the great tribal Maliks, who are the real leaders of the Afridi clan, took little or no notice of Afghan appeals.

Waziristan.

The policy adopted in Waziristan, of which some account was given on previous pages, has begun to produce gratifying results. The circular road from Idak to Manzai is now being adapted for continuous heavy mechanical transport throughout its length; and the road from Jandola to Sarwekai has been completed. Bridges have now been opened over the Kurram at Thal and the Tochi at Tal. A considerable number of Mahsuds have accepted the presence of British troops in Waziristan as inevitable; and the metalled roads which now traverse the country are no longer unwelcome. But the pacification of so wide a tract is the work of many years. While the progress is satisfactory, both outlaws and certain hostile sections have nevertheless been busy with raids and ambushes. These have been met by bombing operations in two instances, and aerial demonstrations in others. If only Waziristan can be adequately safeguarded from external influence hostile to the British Government, the gradual betterment of the circumstances of the country seems inevitable. Attempts are being made to induce Wazir emigrants to return to their homes and to settle down; and a general agreement between Government and the Mahsuds and Wazirs should before long be possible.

Baluchistan.

Baluchistan enjoyed a fairly peaceful year. Rainfall conditions were good; grain prices have been reasonable; and grazing has been adequate. Political agitation has been conspicuous by its absence; and there are few signs of communal tension. Since the murder of Major Finnis, to which reference was made in last year's Statement, the conduct of the Sheranis has been examplary. They have rigorously adhered to their promise to sever all connection with the Wazirs and

Mahsuds. The Suleman Khels made several serious raids into the Zhob district, but on the whole their behaviour was less objectionable than in the past. Progress has been made in the extension of administration throughout this region by the occupation of two additional posts. On one occasion, a patrolling party of Zhob levies got into touch with a gang of the Suleman Khel raiders and killed eight of them. On the Western border, the rendition to Persia of the Sarhad tract was completed in the beginning of the year. An efficient Persian force under a capable Commander advanced without meeting any tribal resistance to Khawash, which was formally made over. Thereafter, Indian troops were entirely withdrawn from this portion of Persian territory. The Persians started their administration well by making satisfactory arrangements with the Sarhad tribes. Since then, however, affairs have somewhat deteriorated. Military activities elsewhere called away the more efficient troops; and those which remain have long arrears of pay to receive. The projected movement which was to have suppressed Dost Muhammad Khan and brought Persian Baluchistan under effective control, failed to materialise; with the result that the Persians have been compelled to recognise this leader as Governor. Whether from this or from some other reason, Dost Muhammad Khan's behaviour has, from the British point of view, been more satisfactory; and affairs on the Mekran border have been quieter than in previous years.

North-West Frontier Province.

From this brief consideration of the tract which on the North-West and West constitutes the extreme political limit of India, we may now turn eastward to the settled districts under direct British Administration which form part of the North-West Frontier Province. During the period under review, economic conditions were again easier. Further progress was shown in return to a normal state of affairs after the unrest which has been the heritage of the third Afghan War. The administration was thus able to continue, with marked effect, the systematic attempt to suppress the raiding nuisance; and the success of their operations is shown by the remarkable diminution, since the year 1920, of the number of raids and of the value of loot stolen by the tribesmen. A highly efficient system now exists for protection against raiders. Constabulary, police, local levies, and village pursuit parties, co-operate wholeheartedly against marauding gangs. Nevertheless, of recent years

the hardships endured by the inhabitants of the settled districts of the North-West Frontier Province at the hands of raiders have excited much feeling throughout the rest of India. As we noticed in last year's Report, the Legislative Assembly has from time to time directed trenchant criticism against the administration of the Province, alleging its heavy cost and the failure of the authorities to exterminate raiding gangs. The attention devoted to the whole question led to enquiries as to the desirability of revoking Lord Curzon's policy of separating the North-West Frontier Province from the Punjab. Interest moreover was stimulated by the belief, current in certain quarters, that the more advanced inhabitants of the settled districts in the North-West Frontier Province suffer both in their political status and their judicial administration from their association with a local Government concerned so largely with the direction of comparatively uncivilised tribes. In 1922, a Committee appointed by the Government of India toured through the North-West Frontier Province to examine various questions. The trend of the evidence laid before the Committee showed that the question of maintaining the North-West Frontier Province in its present condition or of amalgamating it with the Punjab, was viewed from a different angle by typical representatives of Hindu and Muhammadan opinion respectively. Broadly speaking, the Hindu elements in the population both of the Punjab and of the North-West Frontier Province favoured amalgamation; while Muslim opinion was generally desirous of retaining the North-West Frontier Province in its present form. The British and the Muhammadan members of the Committee concluded that it was impossible to separate the administration of the five settled districts of the North-West Frontier Province from the political control of the adjoining unadministered tracts. In consequence, they recommended that the Province should be retained as a unit separate from the Punjab. They proposed, however, certain changes in the administrative and legal machinery, which include the cautious application of the Reformed Constitution to the Province; the strengthening of the judiciary; and the application of the elective principle to Local institutions. On the other hand, the two Hindu members of the Committee favoured the transfer of the settled districts to the Punjab Government, while reserving to the Government of India

Criticisms of the Administration.

The Committee of Enquiry.

control over the transfrontier agencies. As a result of Government's consideration of this report, certain minor reforms have now been introduced into the North-West Frontier Province; and the judiciary is to be strengthened by the appointment of an Additional Judicial Commissioner drawn from the local Bar. The authorities have decided against judicial amalgamation between the North-West Frontier Province and the Punjab.

Hindu-Muslim relations.

The division of opinion between the Hindu and Muhammadan element in the North-West Frontier Province, which was exemplified by the evidence submitted to the Enquiry Committee, received tragic confirmation, during the period under which we are now reviewing, in the outbreak of serious communal riots. As will be clear from the subsequent portions of this Statement, the relations between the Hindu and the Mussalman communities have been strained throughout 1924. But in no locality did this tension produce such tragic consequences as in the city of Kohat. The immediate cause of the trouble was the publication and circulation of a pamphlet containing a virulently anti-Islamic poem. Terrible riots broke out on the 9th and 10th of September, 1924, the total casualties being about 155 killed and wounded. House property to the estimated value of Rs. 9 lakhs was destroyed, and a large quantity of goods were looted. In the event, the whole Hindu population evacuated Kohat city. After protracted negotiations, an agreement of reconciliation was concluded between the two communities; Government giving an assurance that, subject to certain reservations, the prosecutions pending against persons concerned in the rioting should be dropped. The Hindu refugees at Rawalpindi are slowly returning to Kohat; but their action has been delayed by the hope that their political leaders will be able to secure for them better terms. With the object of enabling the sufferers to restart their businesses and rebuild their houses, Government has sanctioned advances, to be free of interest in certain instances, amounting to Rs. 5 lakhs. It is hardly necessary to say that this serious incident aroused the utmost feeling among the politically-minded classes throughout the rest of India. The fact that the Hindu community at Kohat, which had been responsible for the initial causes of the outbreak, should have incurred such terrible retribution, led to the levelling of violent

Kohat.

charges, ranging from deliberate cruelty to manifest incompetence, against the local authorities. As a result of careful enquiries, the Government of India came to the conclusion that the officials had done all that lay in their power. The local military authorities co-operated to the best of their ability; but their hands were tied by the necessity of bending all their endeavours to the task of "containing" the independent tribesmen from the surrounding country, who were gathering in large numbers with the idea of turning to their own profit the confusion in the distracted city. It was thus impossible for the military to spare such numbers of troops as might have enabled the civil power to suppress the disturbances more speedily.

India's defence and the educated classes.

The attitude of the educated classes towards the problems of India's defence has undergone a considerable change of recent years. They have for long admitted, at least in theory, that their political aspirations ultimately depend for fulfilment upon the capacity of the country to defend itself. A study of the proceedings of the earlier meetings of the Indian National Congress reveals the constant recurrence of the accusation that the British Government had, by "disarming and emasculating the people," placed serious obstacles in the path of political progress. But there was little real demand on the part of these classes for a military career; and few indeed were the politicians who attempted to grasp, by systematic and patient study, the nature of the problems which we have outlined in the foregoing pages. Recently, however, the situation has somewhat altered. The intelligentsia of India have been compelled, partly by the lessons of the war and partly by their newly stimulated ambitions towards Dominion Status, to take serious stock of the problems of defence, of which the importance, if not the complexity, is now better appreciated than at any previous time. They see that their political ideals necessarily connote certain military responsibilities; that if the defence of India is not to be left permanently in the hands of the British, they must show themselves able to sustain the burden, not merely of self-government but also of self-defence. Accordingly, in place of the old vague military aspirations, the educated classes now put forward two concrete demands of a definite character. They ask in the first place for the rapid Indianization of the commissioned ranks of the regular army; and secondly, for the extension of the facilities which already exist for

training Indians in the Territorial force. In connection with the first, the Legislature displays unabated interest. Government has not been unresponsive; and the progress achieved in this direction, though far from satisfying the demands which have been put forward, is considerable. We may explain that there are two main categories of officers in the Indian army, holding respectively the Viceroy's Commission and the King's Commission. The majority of the former are men promoted from the ranks. They have a limited status and power of command, both of which are regulated by the Indian Army Act. It is only since the war that King's Commissions have been granted to Indians. Every unit of the Indian Army includes officers holding the Viceroy's Commission; while in many Infantry and Cavalry regiments Indian officers holding the King's Commission are now completing their training for their future career. It is with the increase in the latter class that Indian opinion is principally concerned. King's Commissions are now to be obtained by Indian gentlemen qualifying themselves as cadets in the Royal Military College, Sandhurst; or by honorary grants to Indian officers whose age or lack of education preclude them from holding the full commission in the ordinary sense. Commissions in this second category are granted *honoris causa* and are not regarded as augmenting the effective establishment of commissioned officers. It therefore follows that if an Indian is to enjoy the fullest opportunity of following a military career on terms of absolute equality with the British officer, he must pass through Sandhurst. Ten vacancies have been reserved annually at Sandhurst for Indian cadets; and in order to secure a suitable supply of recruits for these vacancies, there has been established in India the Prince of Wales' Royal Indian Military College at Dehra Dun. In this institution the normal course of education has been planned to occupy six years, and the arrangements so far made will enable a maximum of 70 boys to be in residence together. The college promises to be a great success; and there is every hope that it will amply achieve the intention for which it was created. Early in 1924 it was visited by a number of members of the Legislative Assembly, who expressed warm approval of the type of education imparted and the general conditions under which cadets were trained.

Indianization of the Commissioned Ranks.

The Royal Military College, Sandhurst.

The Royal Indian Military College, Dehra Dun.

Unfortunately, however, Indian political opinion is far from being satisfied with the scope of the college, and demands are increasingly heard from the Indian members of the Central Legislature for the establishment in India of some institution corresponding more nearly to the Royal Military College, Sandhurst. A debate which took place upon this subject in the 1925 Delhi Session of the Legislative Assembly showed that non-official Indian members did not appreciate the technical difficulties to which such a proposal, if put into operation, would give rise. Indeed, these difficulties were not at first fully realised by Government themselves; since a resolution of the Assembly asking for the establishment of an Indian College for the training of commissioned officers was actually accepted three years ago. It may be argued that such a college is in fact now coming into existence as a memorial to the late Lord Kitchner; but the officers whom it will train will be officers holding the Viceroy's and not the King's Commission. Considerable dissatisfaction was displayed by Indian members of the Legislative Assembly at what was regarded as Government's failure to carry out the resolution previously accepted. In one of the last public utterances before his lamented death, Lord Rawlinson plainly pointed out some of the practical difficulties which made immediate advance in the direction demanded almost impossible. It was important, he said, that Indian officers should undergo training of the very highest type available, in view of the immense difficulties which attended the construction of a national army for India; when there was as yet no Indian nation in the accepted sense of the term. Thereupon Government offered to appoint a committee to investigate the whole question of the establishment of an Indian Sandhurst. This did not satisfy the majority of the members of the Assembly; who proceeded to pass, against official opposition, a resolution calling upon the authorities to establish such an institution forthwith.

The Legislature and "an Indian Sandhurst."

In addition to providing the means by which a satisfactory stream of candidates for Sandhurst may be maintained, the Government of India have recently made provision for the eventual complete Indianization of eight units of the Indian Army. To these units, which include two from cavalry, five from infantry, and one pioneer battalion, Indian Officers holding King's Commissions in

Indianization of eight units.

the Indian Army will be gradually transferred, and posted to fill up the appointments for which they are qualified by their rank and their length of service. From the military standpoint, the importance of this step is considerable; for it will give Indians a fair opportunity of proving that units officered by men of their own race will be in every way efficient. And these units will thus form the nucleus from which the Army can be "nationalised" with confidence that the security of the country will not be impaired. Unfortunately, the experiment has not so far commended itself either to Indian political opinion or even to certain of the Indian officers themselves. The latter seem to prefer to serve in regiments where they will be assured of serving alongside of British officers; while Indian politicians fear lest the segregation of Indian officers in certain regiments may affect adversely the efficiency of these officers, the reputation of the regiments, and indirectly the success of the whole scheme of a "National" Indian Army. Further, the mere fact that the completion of the experiment must take many years has prevented Indian political opinion, at least as expressed in the legislatures, from appreciating the pledge which it constitutes of the earnestness of British intentions in the matter of Indianizing the commissioned ranks of the Indian Army. That the aspiration of educated Indians to assume an increasing share of responsibility for the defence of their own country is both natural and praiseworthy, may readily be admitted. On the other hand, those who press for a more rapid advance than at present commends itself to the authorities, along lines the efficiency of which is still undemonstrated, expose themselves to the retort that the security of the country as a whole is a matter so vital that it ought not lightly to be jeopardised, even by those who are animated by the most commendable of intentions. Moreover, having regard to the fact that only since the Great War have Indians been given commissions identical in every respect with those held by British officers, it is perfectly clear that the demand, often made, for the appointment of Indians to higher posts in the Army, could be met only by special and accelerated promotion over the heads of their more experienced British brother officers. In the last speech which Lord Rawlinson ever delivered to the Assembly, he dealt upon this aspect of the question with soldierly frankness. He pointed out the grave difficulties which attend the formation of a national Indian Army,

at a time when the Indian nation itself is as yet only in the making. He dwelt upon the necessity of proceeding patiently and of testing step by step the ground before each advance is made; of building upon solid and truly-laid foundations rather than upon pious wishes and vague enthusiasms. Many Indian members of the Assembly, ignorant that they were listening to the last counsels of one who had done so much for their country and for their army, were inclined to resent his plain speaking; and there was talk of moving a vote of censure upon the administration of the Army Department. Happily this project did not materialise; and Lord Rawlinson's last days were not disturbed by any such manifestation of the Assembly's failure to appreciate his notable services.

The Territorial Force.

Considerable progress has of late been made in the constitution of the Indian territorial force. Twenty provincial battalions are now in existence, the enrolled strength being over 12,000. Most of the battalions are full; although some units still fail to attract the sanctioned quota of recruits. One of the great problems connected with the development of the force is the provision of adequately trained officers. For the command of battalions and companies, officers of the regular army are provided. Opportunities have also been afforded for the further training of the Indian Territorial Force officers by attaching them for limited periods to regular battalions. Special courses of instruction are also held for the Indian Territorial Force staff, and similar courses have been arranged for the non-commissioned officers. In addition to the provincial battalions are the University Training Corps, which have now attained a large measure of popularity. There are at present six battalions, located at Bombay, Calcutta, Allahabad, Lahore, Madras and Rangoon; and two separate companies have been constituted at Patna and Delhi. It is yet too early to judge of the military value of the Territorial Force, but the progress hitherto achieved has been on the whole satisfactory. Until it has been in existence for some time longer, its potentialities cannot really be estimated. It is to be hoped that in future years the Force will be able to play an important part in the defence of the country. But educated Indian opinion does not yet realize that by reason of the comparatively limited period devoted to training, the Force can never hope to rival the regular army in efficiency. It has indeed been constituted as a second line to, and a source of

reinforcement for, the regular army; but in case of emergency, it would not be ready to take the field until the lapse of a considerable time after its embodiment. Nevertheless, membership naturally carries with it a liability for more than purely local service. The Indian Territorial Force thus differs in scope from the Auxiliary Force, which is so far confined to European British subjects. This body can only be called out for service locally, being intended primarily for those who can undertake military training only in their spare time, and are unable to afford the more lengthy periodical training which constitutes the obligation of the Indian Territorial Force. Political opinion in India, which is now supersensitive to any implication of racial discrimination, views with displeasure the difference between the two bodies. In 1924, the Legislative Assembly discussed a motion recommending the amalgamation of the two.

The Auxiliary Force.

As a result of the debate, an amended motion was accepted by Government to the effect that a Committee should be appointed to enquire into and report what steps should be taken to improve and expand the Territorial Force so as to constitute it an efficient second line to the Regular Army; and to remove all racial distinction in the constitution of the non-regular military forces in India including the Auxiliary Force. This Committee, which was presided over by Sir John Shea, took evidence in November 1924, and the report embodying its recommendations was published on February 23rd, 1925. The Committee regarded the functions of University Training Corps as primarily educational and those of the Territorial Force as the means of imparting military and patriotic ideals in order to lay the foundations upon which the national Army could be built up. They, however, considered that the growth of national military spirit should not be forced by any application of compulsion; that the University Training Corps should not have any liability for military service; that the members of the Corps should be drawn from the staff and students of Universities and Colleges as at present; and that the cadre must be allowed to expand up to its natural limits without arbitrary limitation by the military authorities, provided the educational authorities can guarantee a fixed minimum of members, and arrange for suitable officers. Regarding the Territorial Force, the Committee suggested that its units should be organised in every respect on the same lines as those

The Auxiliary and Territorial Forces Committee.

of the regular Indian Army, while the Auxiliary Force should be organised as regular British Units. Both the Territorial and Auxiliary Forces should, it was recommended, be liable for general military service within and without India's borders, including service in aid of the civil power; this liability being enforceable only in case of emergency and under the special order of the Governor General in Council. The Committee suggested that in future the Territorial Force should consist of two classes, one recruited from the rural areas as at present; and the other drawn from the urban areas, in such fashion that the educated classes should enjoy suitable opportunities for military training of the kind practised in the Auxiliary Force. In course of time, the Committee hoped, recruitment to urban battalions would be limited to those who have had previous military training in the University corps. The Committee further suggested that the minimum period of training must be three months in the first year and two months in subsequent years. When the provincial battalions attain a higher standard of efficiency, an attempt should be made to raise a few cavalry squadrons in those districts where it is possible to recruit men who could be trained for six months in the first year and three months in subsequent years. The Territorial Force, the Committee agreed should not be extended beyond the limits of a second line force in strength; and no extension of the Auxiliary Force was considered necessary at present. The Committee recommended that any employer who placed hindrance in the way of his employee carrying out training in the forces should be liable to punishment, as in Australia. So far as Commissions are concerned, the Committee recommended that Platoon Commanders in the Territorial Force should get Viceroy's Commissions of the ranks of Jemadar and Subadar; while the officers of higher grades in the Territorial Force, and members of Auxiliary Force, should get commissions as second lieutenant, lieutenant and captain, granted by the Governor General in the name of His Majesty the King, as in the Canadian Militia. The Committee further suggested the expansion of the system of Advisory Committees, and their wider responsibility for recruitment. The Committee considered that the acceptance of these proposals would eliminate, as between the Territorial and Auxiliary Forces, any distinction based solely upon race to which reasonable exception could be taken. The Government of India have not so far announced their decision upon the

suggestions made in this Report; but it is to be noted that on the whole the Indian press has received the proposals with favour. Disappointment is expressed in certain quarters that the Territorial and Auxiliary Forces have not been amalgamated into a single body: but the Report is generally acknowledged to contain suggestions likely to place the Territorial Force in a satisfactory position, and to encourage military training among the educated classes.

An Indian Navy.

In addition to these signs of awakening interest, on the part of the educated classes, in the strictly military aspects of the Defence of India, there are not wanting indications that the importance of the corresponding naval problems is gradually being appreciated in the same quarter. The evidence given before the Mercantile Marine Committee—of which mention was made in last year's Statement—plainly shows that Indian political opinion favours the development, hand in hand with an Indian Mercantile Marine, of a Royal Indian Navy, in which the present Royal Indian Marine Service would ultimately be incorporated. The Committee definitely recommended that the Royal Indian Marine should be reorganised into an Indian Navy for the defence of India's coasts, harbours, and shipping: and that a training ship on the lines of the "Worcester" or the "Conway" should be established at Bombay to train young Indians to become sea-officers. Opinion is so far divided as to whether Naval Cadets should be trained first at the Dehra Dun Military Academy and subsequently in the British Navy; or whether they should be educated in a special Navy class in the projected Bombay training ship. These, and other recommendations of the Mercantile Marine Committee, are at present under the consideration of Government; and to judge from the eagerness displayed in the Legislature that they should be put into speedy operation, they command the emphatic approval of important sections of articulate Indian opinion.

Cost of India's Defence.

Among the contributory causes to the zeal with which the Indianization of the Army is espoused by Indian political opinion must be reckoned considerations of economy. That India spends upon her military organization, including the Royal Indian Marine, a sum of between Rs. 50 crores and Rs. 60 crores out of a total net revenue, including that of the Central and Provincial Governments, amounting to Rs. 220 crores, is a factor upon which Indian opinion has for some

time expressed itself with increasing frankness. Quite apart from the desire to expend in other directions a proportion of the sums now devoted to defence, there is a general belief which, despite the denials of the authorities, remains widely held, that at least a portion of the Indian Army is maintained less specifically for the defence of India than for Britain's own Imperial interests. The strikingly small proportion which India contributes towards the cost of her naval defence is at present very generally omitted as a factor in the computation; but if effect is given to the schemes now under discussion for the constitution of an Indian navy, a more just perspective may shortly obtain. The military experts urge that the defence charges in India compare very favourably with the defence charges of other countries. They cite the example of Great Britain, where the defence expenditure works out at something like Rs. 45 per head; and of the United States, where it is over Rs. 20 per head, although the country is far from any possible enemy, and has no dangerous land frontier. They further point out that in Japan—a country which is frequently extolled by Indian political opinion as an example of light and leading for India—the defence expenditure amounts to some Rs. 75 crores out of a total budget of Rs. 210 crores (Japanese Budget 1924-25). This works out to about Rs. 14 per head of the population. On the other hand, educated Indian opinion replies that it is impossible to make a just comparison between the burden of defence in India and in other countries unless the singular smallness of the average income per head in India is taken into consideration. These critics maintain that the annual *per capita* cost of defending India, which is about Rs. 1·75, or one-eighth of the *per capita* cost in Japan, is in reality a far heavier burden than that which is represented by the greater expenditure of other countries. To which the military experts reply that this line of argument, while amply demonstrating the necessity for increasing the income—which means the productivity—of the individual Indian, has comparatively little relevance to the main question. They argue that the defence expenditure of every country is inevitably regulated by certain constant factors, the chief among which is natural vulnerability. The poverty or wealth of the individual citizen, while imposing certain limitations upon the completeness with which national insurance against invasion can be carried out, does not really enter into the question of whether such insurance

The Soldiers and the Politicians.

ought or ought not to be undertaken. They deny that the burden on the people of India is excessive, and point out that the average income per head of the Japanese is certainly nothing like 8 times that of the Indian people. The controversy, therefore, remains inconclusive, each side considering that the truth of its contention has been fully demonstrated. It is, however, only just to add that there is a full realization on the part of the military authorities of the heavy burden which the present figure of military expenditure imposed upon the finances of the country. During the whole period in which Lord Rawlinson occupied the post of the Commander-in-Chief, strenuous efforts have been made to effect economy. The reduction of the Army in India to the post-war limit has been completed to a point at which the military experts believe it incompatible with safety to make any further diminution in the fighting forces. But in other directions, economy is still being rigorously pursued. As we shall have occasion to notice, in reviewing the speech of the Finance Member upon the Budget of 1925-26, a reasonable fixity in the establishment charges of the army has now been attained. This figure is now actually below that recommended as the immediate objective by Lord Inchcape's Committee; a fact upon which both the military authorities and the Government of India may well congratulate themselves.

India and the Empire.

In view of the circumstances recounted in the foregoing pages, the dependence of India upon the British Empire for the essentials of her security requires little demonstration. From the standpoint of present international relations, it is clear that the Imperial connection is an indispensible condition both of India's safety and of her advance along the path leading to responsible government. Yet it is impossible to study contemporary expressions of political opinion in India without coming to the conclusion that these facts are but grudgingly admitted by the educated classes. Now in certain quarters, objection is taken from time to time to the importance which His Majesty's Government and the Government of India attach to the opinion of the Indian intelligentsia. But where the educated classes lead, the uneducated will follow, if not at once, at least in the long run. The influence of these classes over the masses was recently displayed beyond all possibility of cavil in the non-co-opera-

Views of the Educated classes.

tion movement. It is no longer possible to deny that they constitute a factor of importance in any estimate of the present, or any calculation of the future, condition of the country. If, therefore, these classes do not at present admit the full implications of India's dependence upon Britain, sufficiently obvious though these may be, the fact would seem to merit investigation.

This is not the occasion to trace, even in outline, the history of the Indian Nationalist movement. It is sufficient to notice that as a result of a century of British rule, an educated middle class came into being, which discovered common aspirations expressed in the medium of a common langauge. This class began to dispute the right of foreign rulers to direct for ever the destinies of an ancient and civilized people. Prior to the outbreak of the Great War, their aspiration was to call for the disappearance of the British permanent official; and it was only to the monopoly of power and to the control of policy characterising the Indian administrative services that objection was voiced. Even so, a general restlessness, due to the reaction of Asia to the impact of western civilization, led gradually to the cultivation of a wider outlook. The success of Japan in the war against Russia profoundly stimulated the development of the Indian Nationalist movement, producing among its adherents a disposition to magnify the achievements of Asiatic peoples in past ages, and to exalt the culture of India as distinguished from that of Europe. This tendency was greatly stimulated by the moral currents set in operation through the declaration of the aims of the Allies in the World war. The educated classes of India conceived an enhanced estimate of the importance, actual and potential, of their country in the civilised world; and eagerly grasped the current catchwords regarding the inalienable rights and dignities of weak nations. The facts that the material influences of western civilization were lending to the peoples of the Indian sub-continent a unity which had hitherto been lacking; and that educated Indians, of whatever race or creed, were discovering a common sentiment as against their British rulers, induced a tendency to ignore the existence of those centrifugal forces which have ever constituted the bane of Indian political life. Educated India began to recognise a certain measure of common aspiration. There has thus arisen among the classes interested in politics a fixed determination to be content with nothing less than the control of their own destinies.

Growth of the Nationalist movement.

Recent developments in the Indian Nationalist movement have unquestionably been stimulated by the response which British statesmanship has made to the demands of the intelligentsia. In the sphere of internal development, the policy of the British administration was definitely laid down in 1917 as the progressive realization of responsible government of the kind enjoyed by the self-governing Dominions of the British Commonwealth. Thus, the aims of the educated classes, as gradually evolved from the early days of the Indian National Congress, have received, as it were, the stamp of official approval. Further, in the external realm, the association of India with the British Dominions in successive Imperial Conferences; the signature of the Treaty of Versailles by representatives of the Indian Government; the participation by India in the League of Nations; and her representation upon the governing body of the International Labour Office, mark a complementary advance.

Britain's Response.

These developments, despite their importance, have stimulated rather than appeased the aspirations of the educated classes. The dominant factor in the mentality of educated India to-day is impatience. The advance which is taking place appears far too slow to those who are unwilling to admit the existence of any practical obstacle to the immediate attainment of their aims. Counsels of sentiment rather than of reason tend to prevail; and the contrast between the ultimate aim of the educated classes and the degree to which that aim has so far been realised, excites a discontent which now dominates the political life of the country. The educated classes seriously believe that the continuance of the present administration stamps them with the stigma of inferiority; that it is incompatible with their newly developed self-respect. Hence, while they do not deny the advantages which India derives from her connection with the British Commonwealth, the more impatient among them underestimate the value of these benefits, and hold them purchased too dearly. They resent their helplessness in such matters as self-defence, and are determined, so soon as may be, to redress it. For they now understand that until they are in a position to defend their country by their own unaided resources, their aspirations to Dominion status must necessarily lack the essential basis of *real politik*. It is largely for this reason that there has been apparent, of recent years, that lively interest in defence problems of which we have already noticed certain manifestations.

Impatience.

The irritation which tends to characterise the mentality of the educated classes when they consider the share, in their eyes meagre, which they at present enjoy of the administration of their own country, is enhanced when they turn their eyes abroad. It is impossible to deny that the treatment accorded to Indians in some parts of the Empire is not such as befits the nationals of a country whose destiny is officially recognised to be Dominion status. There are at present about one and a half million Indians settled in other parts of the Empire. The movement of immigration has, broadly speaking, been of two kinds. The first was that of unskilled labourers, either under indenture as in the case of Fiji, Mauritius, Natal, and the West Indies; or under some special system of recruitment, such as was adopted in Ceylon and Malaya. The second is spontaneous immigration of persons belonging to the classes of traders, skilled artisans, clerks and professional men. Where immigration of the first kind has taken place, immigration of the second kind has usually followed; for as the ex-indentured labourers and their descendants gradually form a community, they are joined by traders, who come primarily to serve their needs. Spontaneous immigration has, however, also taken place to countries where there has been no immigration under indenture. This is particularly true of the East African Territories, and of the Dominions with the exception of South Africa. The total result of these mixed movements is that the large population of the Indians overseas consists of men representing a variety of walks of life, who cannot be classed indiscriminately as labourers. In certain localities, these settlers are treated on an equality with the citizens of self-governing countries. In others, they have definite and well-defined grievances. The principal points at issue between India and those portions of the Empire in which her nationals are treated on a basis of inferiority are, in general, the right of franchise and the conditions under which Indians can immigrate and obtain and retain domicile; and in Africa further, the right of Indians to hold land, to enjoy trading facilities and to escape from compulsory segregation. There is, of course, a manifest distinction in this respect between the position of the self-governing Dominions and of the Colonies. The Dominions, since they enjoy control over their domestic affairs, are themselves responsible for the manner in which the Indians within their confines are treated. But in the case

Indian Abroad.

Grievances.

Dominions and Colonies.

of the Colonies, Indian Nationalist opinion takes Great Britain herself to task for any grievances of which the immigrant may complain. An illustration of this distinction is provided by the matter of immigration. So far as the Dominions are concerned, this matter is for the present settled. In the Imperial War Conference of 1918, there was passed a Reciprocity Resolution which affirmed the right of each community of the Commonwealth to control, by immigration restrictions, the composition of its own population. Since such reciprocity was likely to bear more hardly upon India than upon other countries within the Empire, it was further recommended that facilities should be given to Indians for visit and temporary residence; that domiciled Indians should be permitted to bring in their wives and minor children; and that any civic and social disabilities to which Indians resident in the self-governing Dominions were subjected should be given early consideration. This position has been accepted by reasonable Indian opinion, which recognizes that if the Dominions desire to exclude Indian immigrants, it is within their right to do so; just as it would be within the right of India to exclude immigrants from the Dominions. But in the case of territories which have not yet attained Dominion status and are still under the direct control of the Colonial Office, Indian opinion is not prepared to accept the policy of exclusion. It claims those rights of immigration which are exercised by citizens of other parts of the Empire.

Immigration Problems.

Apart from the question of immigration, there remains a further aspect of the treatment accorded to Indians already settled in other parts of the Commonwealth by the Governments of those territories. The Administrations of some Dominions have for long subjected resident Indians to certain disabilities. Against these disabilities Indian opinion has of late protested with increasing vehemence, and not without success. In the Imperial Conference of 1921, the assembled representatives of the Dominions, with the exception of the South African delegates, agreed to a resolution admitting in principle the entire justice of Indian claims. The Conference, while reaffirming the position that every community in the British Commonwealth should enjoy complete control of the composition of its own population, recognised an incongruity between the position of India as an equal member of the British Empire, and the existence of disabilities on British Indians lawfully

The Dominions and the 1921 Resolution.

domiciled in other parts of the Empire. The opinion was, therefore, expressed " that in the interests of the solidarity of the British Commonwealth it was desirable that the rights of such Indians to citizenship should be recognized." At the same time, a further advance of considerable importance from the Indian point of view was registered by the suggestion that India should negotiate direct with South Africa in regard to the existing position. As a result, therefore, of the Conference of 1921, the principle of equality for which India is contending was conceded; while the institution of direct negotiation between India and a self-governing Dominion constituted a guarantee that the Indian case would be presented with all possible force and freedom. Subsequent to the Conference, a deputation from India visited Canada, New Zealand, and Australia in order to consult with these Governments as to the method of putting the resolution into effect. This delegation, which consisted of the Right Honourable V. S. Sastri, accompanied by Mr. G. S. Bajpai as Private Secretary, obtained a considerable measure of success in directing the attention of the Governments of Australia, New Zealand and Canada to certain disabilities under which resident Indians were suffering. Nevertheless, the resolution, partly owing to local difficulties, was not generally carried into effect.

Mr. Sastri's Delegation.

Before the next Imperial Conference met, the interest of the educated classes in India on behalf of their countrymen had shifted from the circumstances of the Dominions to those of the Colonies and the Mandated Territories. We may notice that in certain of the Colonies, Indians are under no political or local disability of any kind, and possess the same opportunities of becoming members of elective bodies as any other British subjects. In the West Indies, for example, where in British Guiana, Trinidad, and Jamaica, there is a considerable Indian population, the position of an Indian is the same as that of any other British citizen. In Ceylon, under the revised constitution, qualified British Indians are eligible for the franchise without any discrimination on the ground of race. In Mauritius also, there is no adverse discrimination against Indians. In Fiji, however, the Indian population have distinct grievances. They demand more adequate representation upon the Legislative Council; a Municipal franchise based upon a common electoral roll; and a minimum wage fixed in proportion to the cost of living. They have found material for a fresh grievance in the imposition of a

Colonies and Mandated Territories.

poll-tax on all males excepting Fijians. This poll-tax bears heavily upon the numerous and economically hard-pressed Indian population. Further in Tanganyika, the position of Indians has been the cause of some anxiety, and the Government of India have found themselves compelled to enter strong protests against various measures. Tanganyika has the largest Indian population among Mandated Territories administered by His Majesty's Government; and Indian interests there are substantial. In 1923 were introduced three Ordinances imposing certain taxes and prescribing rules for the keeping of accounts to facilitate their collection. These measures aroused resentment among resident Indians. Strikes occurred; and a deputation was sent to the Colonial Office to draw attention to what the Indians regarded as the main defects of the legislation. These were first the necessity for the yearly renewal of trade licenses, which, it was feared, would put traders at the mercy of the Executive; and secondly, the requirement that accounts should be maintained in English, Swahili, or French. The Government of India also made representations independently to the Colonial Office. We may so far anticipate this portion of the general narrative as to state that the Colonial Office has given an assurance that trading licenses will be renewed as a matter of course; and, by raising the limit of taxable income, has relieved the small Indian trader of the obligation to maintain accounts: but the Indian community still feel strongly that the true solution of the difficulty is to include Gujarathi in the list of languages in which accounts may be kept. This sentiment finds an echo in India, especially among the commercial circles in Bombay; and a resolution recommending that India's representatives at the next Assembly of the League of Nations should be instructed to ventilate this grievance was carried in the 1924 autumn session of the Legislative Assembly, despite Government opposition. As we shall have occasion to notice, this matter has formed the subject of special representation by the Colonies Committee—of which more later.

Tanganyika.

But by far the most formidable problem arising out of the position of Indians in the Colonies has of late been presented by the situation in Kenya. That Colony owes much to Indian labour and Indian capital; Indian settlers have played a large part in its development; and they outnumber the European population. For some time, they have been suffering under notable disabilities, some of which are resented from

Kenya.

the slur which they cast upon the self-respect of educated Indians; while others impose very practical and positive hindrances upon Indian prosperity. In the first category may be placed the prohibition against the transfer to Indians of agricultural lands in the Highlands of the Colonies. In the second category come the inadequate representation of the Indian population upon the Legislative Council; their political helplessness despite their large stake in the economic life of the Colony; and the threat to their interests through proposals for restricting immigration. During 1921-22, race feeling between the Indian and European settlers rose to such a height that the relations between the two communities became strained. The dominant position of the Europeans led the Indians to fear lest proposals for compulsory segregation, for the denial of the franchise, and for the total prohibition of immigration from India, should be forced upon them. Indian sentiment both at home and in Kenya was deeply stirred; and, as was pointed out in some detail in last year's Statement, a profound and unfortunate influence was exerted upon the entire political outlook of the educated classes. Public meetings were held all over India; the press, both vernacular and English, expressed itself in the most vehement language; and addresses were presented to the Viceroy by public bodies of all shades of opinion as well as by the Indian Legislature. The Government of India from the first put themselves at the head of Indian sentiment, representing to the Clonial Office in the most emphatic terms the serious implications, from the Indian standpoint, of the Kenya situation. Deputations from the Kenya Europeans and Indians, and from the Indian Legislature waited upon the Colonial Office. Towards the end of July, 1923, His Majesty's Government laid down their general policy upon the questions at issue. They observed that the interests of the African population must be paramount; that the existing system of government was best calculated to achieve this aim; and that the immediate grant of responsible government, which had been urged by the white settlers, was out of the question. But contrary to the opinion expressed by Indian sentiment, a decision was arrived at in favour of communal representation. This system, under which the Indian community was to have five elected representatives in the Legislative Council, was regarded as the best in the circumstances, because it was compatible with African representation in

Race-feeling.

The White Paper of 1923.

due course and with Arab representation immediately. It would further permit of a wide franchise for Indians. In deference to Indian opinion, the policy of segregation as between Europeans and Asiatics in townships was abandoned. On the other hand, the reservation of the Highlands for Europeans was to be maintained. On the vital question of immigration, it was laid down that legislation discriminating against Indian entry into Kenya could not be countenanced; but this statement of principle was qualified by the suggestion that some further control to protect the economic interests of the Africans was required.

Resentment in India.

The announcement of these decisions aroused the strongest resentment in India. Adjournments both of the Council of State and the Legislative Assembly were proposed to consider the situation. A bill to regulate the entry into, and residence in, British India of persons domiciled in other British possessions, was introduced, considered, and passed by the Legislative Assembly in one day as a protest against the recent decision. Lord Reading gave emphatic expression to the disappointment which the Kenya decision had caused to his Government; and the Government of India specifically reserved the right to make further representations with a view to reopening the decision when legitimate opportunity offered.

The Imperial Conference of 1923.

In the Imperial Conference of 1923, the whole question of Indians overseas, both in the Dominions and in the Colonies, was fully discussed. The Indian delegation, consisting of Lord Peel, then Secretary of State for India, Sir Tej Bahadur Sapru, and the Maharaja of Alwar, laid stress upon the unanimity of Indian opinion and the justice of the Indian cause. Sir Tej Bahadur Sapru, with the full support of the Secretary of State, pleaded powerfully for an examination of the position of Indians in the Dominions and in the Colonies by a Committee to be appointed by the Government of India. The Premiers of four of the Dominions exhibited the deepest sympathy with Indian feelings and expressed their earnest desire to remove the disabilities of Indians resident within their borders. They readily agreed, if such a step was desired, to appoint Committees to consult with the Committee which the Government should entrust with the examination of the question; though the Prime Minister of Australia thought that from the point of view of the Indian position in the Commonwealth, such a step was unnecessary. Only from South Africa did a note of dissent emanate.

General Smuts held out no hopes of any further extension of the political rights of Indians in the Union; and expressed himself as unable to accept Sir Tej Bahadur Sapru's proposal. But the Secretary of State for the Colonies, on behalf of His Majesty's Government, cordially accepted the suggestion that there should be full consultation and discussion between the Colonial Office and the Committee appointed by the Government of India, upon all questions affecting British Indians domiciled in British Colonies, Protectorates, and Mandated Territories. More important still, from the point of view of immediate events, while reminding the Conference that the British Government had recently come to certain decisions as to Kenya, and stating that he saw no prospects of these decisions being modified, the Colonial Secretary promised to give careful attention to such representations as the Committee appointed by the Government of India might desire to make to him. The Government of India were thus given the opportunity they had been seeking of reopening the Kenya question. In addition to this clear gain, the 1921 Resolution received emphatic endorsement from all the Dominions save South Africa, the assembled representatives agreeing to consider the question as to how best and how soonest effect might be given to it.

The Colonies Committee.

The whole position as regards Indians in the Colonies has now materially changed, owing to the acceptance by His Majesty's Government of Sir Tej Bahadur Sapru's proposal. The Colonies Committee consisting of Mr. Hope Simpson, His Highness the Aga Khan, Sir Benjamin Robertson, Dewan Bahadur T. Rangachariar and Mr. K. C. Roy, assembled in London early in April, 1924, and dispersed towards the end of July. During this period they had several interviews with the Secretary of State for the Colonies and the Officials of the Colonial Office, in which they made representations upon a variety of important matters affecting Indians in Kenya, in Fiji, and in the Mandated Territory of Tanganyika. In regard to Kenya, the representations covered all questions of interest to India dealt with in the decision of His Majesty's Government. The result of these representations was announced by Mr. J. H. Thomas in the House of Commons on August 7th, 1924. On the question of franchise and of the Highlands, there was no change in the position; but as regards immigration, to which, as we have seen, Indian opinion attaches the highest importance, the Secretary of State for the Colonies decided that an Ordinance which had been

framed on the lines of restricting immigration should not be enacted, though he reserved to himself the right to enact any measure at any time, should native interests appear to be threatened by the influx of immigrants from abroad. The menace of further restrictions upon the immigration of Indians has accordingly been removed, at least for the moment. As regards Indian colonization, Mr. Thomas announced that it was proposed to set apart an area in the low lands for agricultural immigrants from India, but before the scheme took final shape, an officer with experience of the needs of the Indian settlers and agricultural knowledge could be sent to report on the areas to be offered for colonization. The question of deputing an officer to examine these areas is now under the consideration of the Government of India. Apart from these gains, substantial enough in themselves, the Committee succeeded in creating a better atmosphere and a wider understanding of the Indian point of view. His Excellency the Viceroy paid a well deserved tribute to them in his inaugural speech on January 20th, 1925. The situation in Kenya has also been improved as a result of the work of the committee by the decision of the Indian community to relinquish their former attitude of non-co-operation and to accept an arrangement by which they will select five members to be nominated by the Governor to the Legislative Council. The result of the representations which the Committee made on certain outstanding questions relating to Indians in Fiji is still awaited; and the considerations which they put forward regarding the Tanganyika Ordinances, to which we have referred above, have been forwarded by the Colonial Office to the new Governor for investigation and report.

The East African Committee.

In June, 1924, His Majesty's Government announced the appointment of an East African Committee, under the Chairmanship of Lord Southborough, to consider and report on certain questions regarding the administration and economic development of British East African dependencies. Since this enquiry was likely to affect Indian interests, the Government of India urged that the Indian point of view should be heard before the Committee came to any conclusions. This request was granted. But further action in the matter has been suspended, pending the publication of the report of the Commission presided over by Major Ormsby-Gore, which visited East Africa to enquire into certain aspects of the questions referred to the Southborough Committee. The report of the Ormsby-Gore

Commission is likely to determine the future activities of the Committee itself.

The dissent of the South African delegates from the resolutions of 1921 and 1923 was particularly unfortunate; firstly because the number of Indians who are subjects of the Union Government amounts to no less than 160,000; secondly because their position has for some time been wholly unsatisfactory from the Indian stand-point. The trouble occurs principally in the Transvaal, where Indians are politically helpless; and in Natal, where, though they possess the Municipal franchise, their position has for some years been an object of serious attack. In the Orange River Province, where the number of Indians is inconsiderable, and in the Cape Province, where the policy prevails of equal rights for every civilized man, there have been no difficulties. Elsewhere, the trouble came to a head in 1919; when anti-Indian agitation rose to such heights that the Union Government appointed a Commission to enquire into the whole question of Asiatics trading and holding land in the several provinces. Despite the efforts of the Government of India to secure the adequate presentation of the Indian case, the Commission recommended the retention of a law prohibiting the ownership of land by Asiatics in the Transvaal. Moreover, the right which Indians had previously enjoyed of acquiring and owning land in the Uplands of Natal was threatened by a recommendation of the Commission. The Government of India, protested against this and the commission's recommendation was not accepted by the Union Government. Feeling continued to run high against Indians in certain parts of South Africa, and further attempts were made to endanger their already precarious position. In Natal, an ordinance was introduced dealing with the township franchise to the detriment of the Indian community. It was again introduced in 1922 and in a modified form in 1923 but in each instance the Union Government withheld its approval. In 1923, the Union Government itself introduced a measure entitled " The Class Areas Bill ", containing provisions which could be used in urban areas for the compulsory segregation of Asiatics. Indian opinion was deeply exercised over the prospects of this legislation, despite the assurance of the Union Government that it desired to apply the measure in a spirit of fairness to the interests and reasonable requirements of Indian residents. But in consequence of the unexpected dissolution of

South Africa.

Indian position menaced.

the South African House of Assembly in April, 1924, the Bill lapsed. The general position of Indians in South Africa continues, nevertheless, to give grave cause for anxiety. Towards the end of December, 1924, news was received that the Governor General of South Africa had given his consent to the Natal Boroughs Ordinance. This measure, while safeguarding the rights of Indians already on the electoral roll of Boroughs, will prevent further enrolment of Indians as burgessess. The implication of the measure on the future of Indians with special vocational and trading connections in the towns of South Africa is obvious. The Government of India had from the outset recognised that this Ordinance might have serious effects both upon the civic and economic status of Indians in Natal. They hoped that since a similar measure had been disallowed, as related above, by the Governor General, this Ordinance would also share the same fate. But the Union Government advised the Governor General to give his assent to the Bill, with the result that it became law in December, 1924. The Government of India have not ceased their representations. Further, towards the end of January, 1925, news was received that the Union Government had gazetted a Bill to amend the Mines and Works Act in order to take powers to refuse certificates of proficiency to natives or Asiatics in certain occupations. The Government of India, with the approval of the Secretary of State, have made suitable representations in the matter direct to the Union Government.

The Natal Boroughs Ordinance.

Among the consequences of the desire of the educated classes of India for Dominion status is an increased sensitiveness regarding the emigration of labour; for it is now realized how severely the prestige of the Indian people has suffered in the eyes of the rest of the world owing to the fact that the Indian labourer, or "coolie" as he is contemptuously designated, has been taken as representative of the entire population of the country. Articulate Indian opinion is now convinced that the whole question of emigration to other parts of the British Empire requires careful control. In deference to this feeling, the assisted emigration of unskilled labour has for some years been forbidden, except in the case of Ceylon, the Straits Settlements, and the Federated Malay States. During 1922 the policy of the Government of India was embodied in a new Emigration Act, which proclaimed assisted emigration for the purpose of unskilled labour

Emigration.

to be unlawful except for such countries, and on such terms and conditions, as the Governor General in Council may specify. The Act further provides that any notification made under it must be laid in draft before, and approved by, both Chambers of the Legislature. In consequence, the organized emigration of unskilled labour can now be regulated and controlled by the popular representatives. A Standing Emigration Committee composed of 12 Members of the Indian Legislature has been appointed to advise the Government of India on all major emigration questions. The knowledge that the consent of an elective legislature is vital to the continuance of Indian emigration is bound to exercse a liberalising influence upon the labour regulations of those Colonies which need settlers from India. Marked improvements have recently taken place, for example, in the conditions of labour in Ceylon. Both here and in Malaya, the question of the fixation of a basic minimum wage has been investigated. In Ceylon, an Officer of the Colonial Government made a preliminary enquiry into the relations between the wages and the cost of living; but the main conclusions of his report were unacceptable to the Government of India. The Government of Ceylon has agreed that the matter should be further investigated. In Malaya, the Agent of the Government of India is at present examining the same question. That the Government of India and the Indian Legislature take a keen interest in the fortunes of Indian settlers overseas is exemplified by the fact that in 1922 two deputations left India for Fiji and British Guiana for the purpose of ascertaining by local enquiry whether these Colonies offered land suitable for Indian settlement. The report submitted by the Indian deputation to Fiji is still under consideration, but the conclusions of the British Guiana deputation have been published. At the beginning of 1924, a deputation from British Guiana arrived in India to discuss with the authorities the conditions under which the resumption of emigration could be sanctioned. It met the Standing Emigration Committee of the Legislature and explained the scheme which the Government of British Guiana were putting forward. The Committee was inclined to view the scheme with favour, but, before making definite recommendations, suggested that the Government of India should depute an officer to report on certain specific points. The deputation of such an officer is now under consideration. The question of Indian emigration to Mauritius has also re-

Careful control.

Schemes for Emigration.

ceived attention from the Legislature. In March, 1923, a draft notification allowing the emigration of unskilled labour to Mauritius for one year, on conditions approved by both Houses of Indian Legislature, was discussed in the Assembly. The suggestion was made that before fresh emigration was permitted, the Government of India should depute an officer to enquire locally into the effect which the introduction of a fresh supply of labour from India might exercise on the state of employment and the level of wages among the Indian community in Mauritius, and of the ultimate prospects of fresh emigrants securing suitable permanent employment. In April last, the Government of Mauritius requested that emigration to the Colony might be continued for a further period of one year; but the Government of India, in consultation with the Standing Committee on Emigration decided that consideration of the request should await the results of a local investigation. The Government of Mauritius agreed to receive an officer for the purpose and to give him all facilities; and in December, 1924, an Indian Officer of Government, Kunwar Maharaj Singh, left India to conduct the necessary enquiry.

General Importance of Overseas Question.

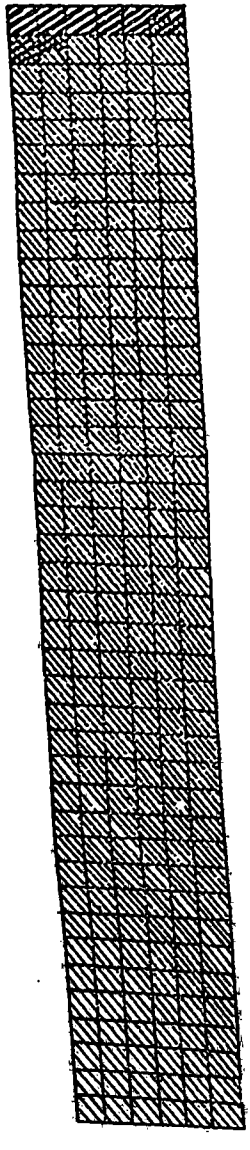
It will be plain from this summary that the treatment accorded to Indian nationals in other parts of the British Empire is at present a very living issue in the eyes of educated Indian opinion. It is a matter upon which Indian intellectuals, without regard to political divisions or party aims, stands united. Anything which is regarded as an aspersion upon India's dignity is bitterly resented; and exercises a marked influence upon the course of domestic politics. The future as well as the immediate implications of the whole question are formidable. The course of relations not merely between India and the rest of the Empire, but between Asia and Europe, may well depend upon the ability of British statesmanship to convince the educated classes of India that there is room for them within the Commonwealth to rise to the full height of their aspirations, and to attain the privileges and the responsibilities which the self-governing Dominions enjoy.

DIAGRAM No. 1.

The Voters of British India.

7·4 Millions

Enfranchised
(Shaded deep)



239·6 Millions

Unenfranchised
(Shaded light)

N. B. Each square represents 1,000,000 of population.

CHAPTER II.

The Citizen and the State.

In so far as the present Indian constitution represents a logical continuation of previous tendencies, it may be traced back in essence to the year 1833. From the beginning of British rule, the administrative system has always been centralized in high degree. Subject to the superintendence, direction and control of the Secretary of State and Parliament, the whole government of India was for many years vested in the hands of the Governor-General in Council. In deference to considerations of practical convenience, this centralization was modified by gradual but increasing devolution in matters of detail. From the beginning of the XX Century onwards, more and more attention has been devoted to the possibility of decentralization; and there has been a tendency both on the part of Parliament and the Government of India gradually to delegate certain of their original functions to the provincial administrations. This development was, indeed, inevitable. As the sphere of the State expanded from its elementary functions of safeguarding law and order to the more advanced functions of providing amenities in various directions for the individual citizen, the centralization which had been for so long a characteristic feature of the Indian administrative system was by force of circumstances modified. The tendency towards decentralization was both exemplified and confirmed by the Montagu-Chelmsford reforms. The subjects of administration have since 1921 been for convenience divided into the categories of Central and Provincial. In the latter are included local self-government, medical administration, public health and sanitation, education, public works and water-supply with certain reservations, land revenue administration, famine relief, agriculture, forests and fisheries, co-operation, excise, the administration of justice subject to legislation by the Indian legislature, registration, industrial development, police and prisons, sources of provincial revenue and many miscellaneous items. A large measure of delegation

The Administrative System.

Centralization and Devolutic.

from the Central to the Local authorities has thus been provided. But the most characteristic feature of the reformed constitution does not lie merely in its continuation and confirmation of the previously existing tendencies towards decentralization. The professed object of the Montagu-Chelmsford Reforms was to introduce into the administrative system an element, previously lacking, of popular control. Heretofore, while the authorities in charge of governmental activity had endeavoured by means of councils, Central and Provincial, to ascertain the desires of the educated classes, to explain to these classes the official policy, and to enlist their co-operation and support in its execution, there had been no question of any element of responsibility to the governed. India was administered by a bureaucracy, which was responsible, through the Secretary of State, to the British Parliament and to the British people. It had no responsibility towards the people of India. But the new policy announced by His Majesty's Government in the House of Commons on August the 20th, 1917 made it necessary to provide for an element entirely novel, namely, the responsibility of the governmental authorities to the people of India. The problem was complicated first by the necessity of providing some reasonable continuity in the administration of a population so numerous, the great majority of which had little knowledge of, and less interest in, political development; and secondly by the inexperience even of those selected portions of the people upon whom the new responsibility must be placed. In order to combine stability with progress, it was decided, while leaving the Government of India essentially in its old position, to divide the functions of the administration in the provinces into two halves, one still amenable to the British Parliament, the other amenable to an authority now for the first time called into being, the Indian Electorate. The first half of the executive government of the Provinces is thus constituted by the Governor working with Executive Councillors nominated by the Crown; the second is constituted by the Governor working with Ministers whom he selects from persons who are or who must become within six months elected members of the Provincial legislature. To correspond with this division in the executive, the subjects of provincial administration have been divided into two parts, named for convenience "reserved"

A New Element.

"Dyarchy."

and "transferred." The reserved subjects are administered by the Governor and his Council, who are responsible to the Government of India and ultimately to the British Parliament. The transferred subjects are administered by the Governor and his Ministers who are amenable to the local Council and to the Indian electorate. The transferred subjects include a large number of those administrative functions upon the development of which India's progress primarily depends. Among these may be mentioned education, industrial development, local self-government, medical administration and public health, excise (except in Assam), agriculture, fisheries, co-operation, and many similar items.

Delicate Machinery.

It is plain that a constitution so delicately balanced postulates for its successful working not only a determination on the part of all concerned to prevent a breakdown; but also a large degree of active co-operation between the government and the governed. The first desideratum was to some extent realised during the first three years of the reformed regime. True, the non-participation of an influential body of Indian opinion prevented the new constitution from being satisfactorily tested. But the elected members of the various local councils employed their power in a manner which was, on the whole, temperate; while the executive Governments attempted to administer both the reserved and the transferred subjects as far as possible in harmony with the wishes of the legislatures. In consequence, many provincial Administrations worked with greater smoothness than was anticipated by the critics. The new Provincial Governments have certain solid achievements to their credit. A large body of very useful legislation, covering a wide range, stands upon the statute book in testimony to the influence exerted by non-official opinion in the various Provincial Councils. Much spade-work has been done in overhauling the existing administration in such matters as education, excise, public works, and sanitation. Further, standing Committees of the Legislatures have been associated with the work of government, and their members have acquired a valuable insight into the practical aspects of administration. Important Provincial questions have been investigated by *ad hoc* Committees with a view to discovering possible solutions. Proposals for additional taxation have in certain Provinces been supported; while retrenchment has almost everywhere been undertaken with vigilance and efficacy.

On the other hand, serious difficulties were experienced. Some of these were accidental, arising out of the circumstances attending the introduction of the Reforms. Others were more fundamental, inevitable accompaniments of the transitional nature of the scheme itself. The Montagu-Chelmsford reforms were introduced at a time of quite exceptional difficulty. They started with an initial handicap of a serious nature. The expectations of the educated classes in India had been roused to a very high pitch, first, by the declaration of the war aims of the Allies, and secondly by outspoken expressions of gratitude on the part of many English public men for the share which India had borne in the successful conduct of the war. We are not concerned here to estimate how far the hopes entertained by the politically-minded classes in India were extravagant. It is sufficient to notice that they were lively and genuine. They encountered a severe shock from the limitations upon popular control which characterised the Montagu-Chelmsford reforms; and the resulting disappointment operated to prevent the opportunities provided by the new constitution being assessed at their true valuation. There was thus produced in the minds of the educated classes an acute dissatisfaction which would of itself have exercised a seriously adverse influence upon the spirit in which the new constitution was worked, but was further complicated by two additional factors of great importance. At the time when the reforms were introduced, India, like other countries, was suffering from the aftermath of the war. Prices were high, economic dislocation was acute; the middle and the lower classes alike were suffering severely. Discomfort induced restlessness; and the relations between Government and the people assumed an unprecedented acerbity. Worse still, the political atmosphere became highly electric. The tragedies accompanying the suppression of the Punjab outbreak in 1919 aroused the bitter resentment of the educated classes all over India. To this feeling there was shortly added the great emotional upheaval on the part of the Muhammadan community caused by the suspicion that the Christian Powers were combining to depress the forces of Islam. From general economic suffering and acute political agitation was born the formidable movement known as Non-Co-operation. With the

Difficulties of the Provincial Constitution.

Circumstances of its Introduction.

history of this movement we are not now concerned. It has been investigated in some detail in previous Statements. We may content ourselves by remarking that, in combination with the other factors, it produced an atmosphere almost inconceivably adverse to the success of a constitutional experiment of the magnitude represented by the Montagu-Chelmsford Reforms. It is perfectly true that those persons who entered the first reformed councils did so with the fixed determination to support the new constitution. They gave the reforms their best aid; and the atmosphere which generally prevailed inside the new legislatures was one of a desire to work in a spirit of reasonableness. On the other hand, the abstention of a considerable section of the educated classes; and in particular, their hostility to the entire administrative structure, deprived the new legislators of the sympathy and support of many of their countrymen whose good will they valued and whose character they respected. Those who co-operated with the Government during the first three years of the new constitution did so very largely in isolation. They thus lacked that intimate touch with the electorate and with organized political opinion which was an essential postulate of the constitutional advance for which the reforms were designed to provide the opportunity. Worse still, they participated in the new regime, not because they believed in it, but because they considered that co-operation with Government was a lesser evil than non-co-operation. They had little faith and less enthusiasm. The elected members of the provincial councils still retained the old tradition of opposing the executive. Oblivious of the fact that the character of the Government as a whole had been profoundly modified, they tended to assume an attitude, not of hearty co-operation, but of suspicious criticism.

The Ministers and Dyarchy.

The position of the Ministers in the Provincial legislatures has been particularly difficult. Under the dyarchical constitution, they are not concerned with the administration of the reserved subjects. But these subjects, which include law and order, are naturally those in which the elected majority of the Councils are, in times of political stress, most keenly interested. It was in connection with these subjects that the most serious controversies between the executive Government and the popular repre-

sentatives inevitably arose in the early days of the Reforms. At the same time, it was just over these subjects that the Councils, while possessing considerable financial influence, had no ultimate control. Now, the fact that the Ministers had no direct connection with the reserved subjects, though the essence of the dyarchical constitution, very largely escaped the notice of their critics in the Councils. The Ministers were part of the Governmental machine; as such, they shared in any unpopularity which was incurred by the policy pursued on the reserved side. The critical attitude manifested by the elected majority in the Provincial Councils towards the reserved subjects, where there was no responsibility, tended seriously to modify their point of view regarding the transferred subjects. The Ministerial half of the Provincial executives in the majority of provinces found themselves unable to rely upon the support of any clear-cut party. Indeed, save in the exceptional circumstances of Madras and the Punjab, where strong communal ties united the majority-section of the Councils, and thus afforded a substitute for party creeds, no party system in the accepted sense of the term could grow up; since the elected members of the legislatures scarcely differed from one another on the main principles of their political outlook or their political ambitions. In consequence, with the two exceptions noticed, the Provincial Councils worked as a rule rather against than through the Ministers; ignoring the fact that they had it in their power completely to control the important departments of Government on the transferred side. Hence, in the majority of Provinces there has been a noticeable tendency for the Ministers to work in far closer relationship with their executive colleagues than with the councils to which they are in theory responsible. They have been driven to look upon the official nominated members as the nucleus of their voting strength; and the fact that the popular half of a Provincial Government is constitutionally quite different from the official half, has in consequence been considerably obscured. These tendencies have been aggravated, after the elections of 1923, by the presence, in each council, of a compact Swarajist bloc, whose professed aim it was to discredit the reforms and to obstruct the executive in the maximum degree possible. Their presence added much to the troubles of the Ministers, since they would neither take office themselves

The Reserved Subjects.

Shortcomings of Party System.

nor co-operate with others in the business of administration. The difficulty of the Ministers has been further enhanced by the financial stringency which obtained during the first three years of the reforms. Generally speaking, funds had not been available for such spectacular development in the spheres of education, sanitation, industrial progress, and the like, as alone could have convinced the general public that the Ministers exercised a vital influence upon the policy of the administration. The fact that the reserved side of the Provincial Governments was debited with the cost of the major portion of the administrative structure, necessarily involved the allocation of about two-thirds of the Provincial income to subjects over which neither the Ministers nor the legislatures had any direct control. The remaining funds were, generally speaking, insufficient to enable the Ministers to embark upon those large undertakings by which they might have justified their position. The financial situation of the Government of India, consequent upon the new division of revenue between the Central and Provincial Administrations, rendered it necessary to call upon the local authorities of all Provinces save Bengal, Bihar and Orissa for subventions of considerable magnitude. These subventions came, at least in some degree, from funds which would otherwise have been available for the expansion of the transferred subjects. A more detailed reference to this unfortunate situation will be found in the next chapter; but it may be stated that financial considerations have played no small share both in augmenting the difficulties to which the Provincial Ministers found themselves subjected, and in diminishing the credit which Reforms might otherwise have earned from the development of the " nation-building " departments.

Financial Stringency.

The position in the Central Government during the life of the first reformed councils differed considerably from that which obtained in the Provinces. The constitution allows no direct element of responsibility to be introduced in the Government of India. Nevertheless, the popular House contains an overwhelming non-official majority. In consequence, most of the activities of the Government of India are brought under the influence of a body which has no constitutional responsibility for carrying on the business of administration. As in the Provinces so in the Central Government,

The Central Government.

the constitution confers upon the Head of the executive a positive as well as a negative power of overriding the legislature. But this power, however inevitable during the present transitional stage, tends when exercised to exacerbate relations between the legislature and the executive, and to weaken whatever sense of responsibility the considerable influence possessed by the legislature might be expected to foster. Despite the dictum of the Joint Committee that these overriding powers were intended to be real, their use, infrequent as it has been, has always aroused both disappointment and resentment among the elected Indian members of the legislature. In the first Assembly the relations between the executive and the legislature remained on the whole cordial. The European elected members co-operated whole-heartedly in the working of the constitution: and were frequently successful in aiding to bridge the gulf between official and non-official standpoints. Such steps as the repeal of many laws considered by Indian opinion to be repressive of political activities; the practical abolition of racial discrimination in criminal trials; the systematic commencement of the Indianisation of the Indian Army; the enunciation of the new policies both in regard to railway administration and tariff control; all these and many other instances might be quoted to show the amenability of the executive to popular pressure. At the same time, the situation has been undeniably difficult. A bureaucratic Government responsible only to the Secretary of State and to Parliament has found itself faced with an overwhelming majority of elected members, responsible to an Indian electorate, and expressing in an advanced degree the constitutional aspirations which now distinguish the educated classes. These members can exercise an influence, particularly in legislative and financial matters, which is sufficiently extensive to embarrass, though not to control, the administration; but they have no responsibility at all for ensuring that the business of Government is carried on. Many members of the Assembly and of the Council of State, have unquestionably acquired valuable experience in Parliamentary procedure, and a working acquaintance with the practical problems of administration. This is nearly all that was expected from the present constitution. But the strain imposed upon the relations between the irremovable executive and the influential, but legally irresponsible legislature has been; not unnaturally, somewhat severe. There is an inevitable tendency

for the legislature to concern itself with matters of administrative detail; to encroach, as far as it can, upon the functions of the executive; to carry its attitude of protest at the limitation of its powers into the discussion of every question brought before it. As in the case of the provincial councils, so with the Central Legislature, the entry of the Swarajist element has reinforced tendencies previously apparent. It is the restriction at present existing upon the authority of the legislature over the executive, that has prevented, as it was designed to do, definite deadlocks.

Demands for Advance.

In view of the circumstances we have recounted, it is not surprising to discover that educated Indian opinion ascribes all the difficulties encountered during the early days of the reforms to the limitations placed upon popular control by the transitional constitution. This belief was inevitable from the disappointment with which the reforms were received; and was further reinforced by the conviction that harmony between the executive and the legislature is impossible so long as the former is not fully responsible to the latter. There have, therefore, been constant demands, from a very early date, for the revision of the Montagu-Chelmsford Reforms in a direction in harmony with Indian aspirations towards constitutional progress. As early as in September, 1921, the Assembly passed a resolution embodying its view that a re-examination and revision of the constitution was necessary at an earlier date than 1929. In reply, the Secretary of State sent a despatch urging that further progress was possible under the existing constitution; that the merits and capabilities of the electorate had not been tested; and that the new machinery had still to be proved in its working as a whole. On these grounds he refused to entertain a proposal for advance. On two occasions during 1923, the Legislative Assembly emphatically recorded its opinion regarding the necessity for immediate constitutional advance. The impatience exhibited by educated Indian opinion at the limited measure of responsibility vested in the legislatures by the Montagu-Chelmsford Reforms was much enhanced when, as a result of the elections of 1923, the Swaraj party, representing elements of advanced opinion which had hitherto held themselves aloof from the constitution, entered the reformed councils in considerable numbers. In Bengal and the Central Provinces, where the Swarajists commanded a majority, either composite or absolute,

of votes in the legislature, they took the first opportunity of bringing dyarchy to an end by reducing Ministerial salaries to a nominal figure. They obstructed Government measures; they withheld supplies so far as possible; and drove the Head of the executive to employ his discretionary powers in order to secure the mere continuance of essential administrative activities. They were powerless to bring Government to a standstill; but they seriously obstructed the activities of the " transferred " departments. In these circumstances, even before the full consequences of Swarajist obstruction in Bengal and the Central Provinces became apparent, the demand, common to all shades of opinion among the educated classes, that the constitution should be revised, received an additional stimulus. The Government of India were prepared to agree that there was a case for enquiry into the working of the constitution. The Secretary of State, at that time Lord Olivier, assented. The question was again mooted in the Central Legislature. Early in 1924, a resolution was moved in the Legislative Assembly recommending an early revision of the Government of India Act with a view to secure for India full self-governing dominion status within the British Empire, together with responsible government within the provinces. An amendment to this resolution was tabled by the Leader of the Swaraj party in the Assembly, suggesting the summoning of a round-table conference to recommend a draft constitution for India. The Swarajist speakers made it clear that they objected to the existing constitution, not merely because it was in their eyes halting and imperfect; but because they did not admit the assumption, explicit in the preamble of the Government of India Act, that the British Parliament ought to be the judge of the time and measure of India's constitutional advance. The amended resolution was adopted by the Assembly in February, 1924, by an overwhelming majority. In the course of the debate, the then Home Member, Sir Malcolm Hailey, indicated the readiness of Government to institute an enquiry into the working of the reformed constitution, but made it plain that there could be no such eradication of the existing structure as advanced Indian opinion demanded. He stated that if an enquiry into the defects of the working of the Act should reveal the feasibility, desirability and possibility of any advance within the boundaries of the exist-

Government's Response.

ing Statute, the Government of India would be willing to make a recommendation to Parliament to that effect. If, however, examination should show that no advance was possible without an amendment of the constitution; then the question of advance must be left as an entirely open and separate issue on which Government stood in no way committed.

The debate was followed by the appointment of an official committee for the purpose of examining the Government of India Act, and of exploring the possibilities of amendments calculated to lead to improved working of the machinery. This examination led to the appointment of a Committee under the chairmanship of Sir Alexander Muddiman, with the task of enquiring into the difficulties arising from, or the defects inherent in, the working of the Government of India Act; and of investigating the feasibility and desirability of securing remedies for such difficulties and defects, consistent with the structure, policy and purpose of the Act; either by action taken under the Act and the rules, or by such amendments of the Act as appear necessary to rectify any administrative imperfections. The Members of the Committee consisted of Sir Muhammad Shafi, then Law Member; the Maharaja of Burdwan; Sir Tej Bahadur Sapru; Sir Sivaswami Iyer; Sir Arthur Froom; Sir Henry Moncrieff Smith; Mr. M. A. Jinnah; and Dr. R. P. Paranjpye. The Committee assembled in Simla early in August, 1924, and its report was published in March, 1925. This document, together with the connected papers published at the same time, constitutes a mine of valuable material for the study of the working of the Montagu-Chelmsford reforms. It is for this reason commended to the notice of everyone desirous of familiarising himself with the present state of constitutional progress in India. We have already utilised it in constructing the general picture of the working of the Reforms which occupies some earlier pages of this chapter. In the remaining space at our disposal, it is unfortunately impossible to do more than outline, in the briefest form, certain of the outstanding conclusions to which its perusal leads.

The Muddiman Committee.

The Committee divided itself into two groups, which submitted separate Reports. The majority consisted of Sir Alexander Muddiman, Sir Muhammad Shafi, the Maharaja of Burdwan, Sir Arthur Froom, and Sir Henry Moncrieff Smith. This

Majority and Minority Reports.

group adopted the position that the scope of their terms of reference prevented them from recommending any remedies inconsistent with the structure, policy and purpose of the Act. The minority, consisting of Sir Tej Bahadur Sapru, Sir Sivaswami Iyer, Mr. Jinnah and Dr. Paranjpye held that this restriction did not preclude them from stating, if they so concluded, that remedies within the four corners of the Act would not lead to substantial advance. The majority held that the existing constitution was working in most provinces, and was giving a valuable training in Parliamentary Government to the electorate, to the Legislature and to the Ministers. They considered that the period during which it had been in force was too short to enable them to form a well-founded opinion as to its success; but that on the evidence submitted to them, they were far from being convinced of its failure. If, recently, in some of the provinces it had not achieved the expected measure of success, they considered that the explanation lies in the fact that it was not worked on the lines and in the spirit which was intended. They concluded that except by some form of dualism, such as that so bitterly criticised by educated Indian opinion, it would not have been possible to afford an equally valuable training towards responsible Government, while at the same time preserving the conditions essential to stability and ordered progress. On the other hand, the minority found that the dyarchical constitution had not only failed, but was incapable of yielding better results in the future. They believed that it had been given a fair trial, and that no minor remedies short of a fundamental remodelling of the Act, would produce any substantial results. They envisaged the only solution of existing difficulties in the suggestion that the constitution should be forthwith put on a permanent as opposed to a transitional basis.

Allegations against the working of the Reforms.

The whole Committee agreed on discovering a number of specific allegations which have been made against the present constitution and the manner in which it has been worked. They dealt with these *seriatim*, and suggested remedies for their removal. They noticed first the failure to encourage joint deliberation between the reserved and the transferred sides of the provincial Governments. From the evidence submitted to them, the majority

Joint Deliberations not encouraged.

concluded that dyarchy has been worked in different ways in different provinces; and they suggested that a definite rule should be made under the Act to reinforce the convention that questions of importance should be considered by the Governor sitting at a joint meeting with the Executive Councillors and the Ministers. The actual decision would, of course, be arrived at by the side of Government concerned with the subject; and would in no way infringe the theory of the separate responsibility of the Governor in Council for reserved subjects and of the Governor acting with his Ministers for transferred subjects. The minority of the Committee felt that in the best of circumstances the habit of joint deliberations between the two halves of the Government could not, without the element of common responsibility, lead to efficiency in the administration, or to harmonious relationships between the Members of the Executive and the Ministers.

Ministerial Responsibility.

Next among the specific allegations was that in most Provinces the Ministers had no joint responsibility; in other words, that there were individual Ministers but no Ministries. The majority believed this joint responsibility to be of the very essence of the present constitution; and suggested steps should be taken to indicate clearly that the administration on the transferred side should be conducted by a jointly responsible Ministry. The minority endorsed this recommendation in a stronger form, believing that the Statute itself should be amended so as to secure the desired aim of joint responsibility.

Reserved and Transferred Subjects Intermingled.

Third among the criticisms came the charge that the administration of the reserved and the transferred subjects cannot really be separated; so that the conduct of the one necessarily reflects on the conduct of the other. The majority, while not seeking to minimise the importance of this difficulty, pointed out that it is experienced to a greater or lesser extent wherever sovereignty is divided. The minority believed that the points of view of the popular Ministers and of the Members of the Executive Council necessarily vary owing to different traditions; and that the relations between the two must inevitably be not only unsatisfactory but of a nature to hinder the responsibility of the Ministers to the Legislature.

Regarding the fourth charge, namely the alleged failure on the part of permanent officials to co-operate with the Ministers, both the majority and the minority sections of the Committee agreed that the members of the Services have in general loyally co-operated with the Ministers in working the Reforms. The minority, however, maintained the present system of recruitment and control of the Services to be fundamentally incompatible with the situation created by the Reforms; and stated that the Services themselves could never enjoy immunity from hostile criticism until they were recognised as mere instruments for the execution of the policy of a Government responsible to the people.

Attitude of Permanent Officials.

Among other complaints brought to the notice of the Committee may be mentioned the vesting of the control of the Finance Department in a Member of the reserved side of the Government; and the failure of the constitution to give real authority to the Ministers owing to the control of the Governor and the Secretary of State. So far as the former of these two objections is concerned, the majority section of the Committee suggested that the Ministers should be allowed the services of a Financial Adviser to assist them in the preparation of their proposals for expenditure; that the powers of Member or Minister to sanction re-appropriations should be extended; that the Member of the Executive Council in charge of the Finance Department should not be in charge of any of the main spending departments; and that the Meston Settlement, which has had the effect of handicapping the Ministers in the development of their departments, should be revised as soon as a favourable opportunity occurs. The minority of the Committee believed that the difficulties to which the Ministers have been exposed in dealing with the Finance Department represented an inevitable feature of the present constitution; and that the only cure lay in replacing the dyarchical system by unitary and responsible Government in each province. Regarding the alleged failure of the constitution to vest real authority in the Ministers, the majority held that the complaint is unfounded. It is provided in the Act that in the administration of transferred subjects, the Governor should be guided by the advice of his Ministers unless he sees sufficient cause to dissent

Financial Control and Reserve Powers.

from their opinions. After reviewing the evidence offered, as to the number and the nature of the cases in which the Ministers' proposals were overruled, the majority were not convinced that there was excessive interference with the Ministers' policy on the part of the provincial Governors. They recommended, however, that provision should be made to secure that a Governor should not dissent from the opinion of his Ministers, save in so far as he is called upon to interfere to prevent unfair discrimination between classes and interests, to protect minorities, and to safeguard the responsibility laid upon him for the administration of the reserved subjects and for the interests of the permanent Services. The minority held that the power of overriding the Ministers vested in the Governor, apart from its being incompatible with a correct view of the relation of a constitutional Governor to his Ministers, had in some instances given rise to friction and tended to weaken the position of the Ministers themselves.

In addition to these specific views in regard to the manner in which dyarchy has operated, the majority section of the Committee noticed the existence of other difficulties connected with the operation of the new constitution. They laid stress upon the unfavourable atmosphere, to which we have above adverted, in which the Reforms were introduced; believing that the circumstances of India combined to impose a great handicap upon the working of a machinery so delicately balanced. From this conclusion the minority dissented, maintaining that the constitution was in fact operated for three years by persons determined to make it a success; and that the abstention of those who were opposed to it was actually helpful. Both the majority and the minority sections agreed in assigning a high estimation to the financial difficulties which from the very first fettered the activities of the Ministers, and prevented them from such development of the departments under their control as might have enabled them to exhibit undeniable progress to the general public. Both the majority and the minority sections agreed in recommending a revision of the Meston settlement as soon as a favourable opportunity should occur, but the minority held that such a revision should take place at once along with a general revision of the constitution. The majority section found in the limitations

General Handicaps.

Financial Stringency.

of the existing electorate another formidable difficulty; and while they did not consider that all constitutional advance in India should wait until the electorate has been educated up to the standard of the electorates in Western countries, they maintained that there had not hitherto been sufficient practice in the exercise of responsibility to justify any general lowering of the franchise. Here again, the minority took a different view. They believed that the average Indian voter both rural and urban is already possessed of sufficient intelligence to understand issues directly affecting his local interests, and is capable of exercising a proper choice of representatives. They recommended that the franchise in every province should be carefully examined and that it should be lowered, wherever possible, so as to secure the enfranchisement of a substantially larger number of people. A fourth difficulty was discovered by the majority to lie in the existence of communal differences. They held that the present tendency to prefer sectional interests to the interests of India must inevitably retard the growth of self-government. They considered it impossible at the present time to avoid communal representation; but expressed the hope that the leaders of all communities would, by continued efforts to develop unity in place of discord, prove that the acuteness of the existing communal tension is but a temporary phase. The minority section, while not ignoring the implication of the dissensions and disturbances which have been so marked a feature of recent years, pointed out that in relation to the size of the country and its enormous population, the importance of these dissensions may easily be exaggerated. They believed that if adequate safeguards were given to the Muhammadan community, there would be no opposition to political advance from that quarter. They further affirmed that mere postponement of the solution of questions connected with constitutional advance is unlikely of itself to lead to the solution of the communal question; and may even make the task more difficult in the future.

Inexperienced Electorates.

Communal Differences.

Finally, the Majority section of the Committee proceeded to a number of detailed recommendations which they held would facilitate the working of the present constitution. The minority, as has already been indicated, expressed little faith in the efficacy of any such minor

Recommendations.

modifications, maintaining that it is impossible to secure the satisfactory operation of the Indian constitution until such time as it shall have been revised in the direction of securing responsible government in the Provinces and a measure, at least, of responsibility in the Government of India. A list of these recommendations, together with the opinion of the minority in regard to them, will be found in an Appendix.

The Government of India have not, at the moment of writing, considered the Report of the Reforms Enquiry Committee. They made it plain in the Delhi session of 1925 that they were not prepared to discuss its recommendations with the Legislature until they had formulated their own view. As is pointed out in the last Chapter of this statement, the publication of the Report caused considerable disappointment among politically-minded Indians. There was a general disposition to consider that the only result of the enquiry was the proposal, which figured among the recommendations of the majority, to transfer a certain number of provincial reserved subjects, popularly considered of a very minor importance, to the control of Ministers.

The Public Services.

We have already had occasion to notice the finding of the Muddiman Committee regarding the allegation that the services were not fully co-operating in the working of the Reformed Constitution. During the period we are now reviewing, the question of the present and the future of the Indian Public Services attracted an increasing amount of attention. In the old days, one of the principal inducements influencing an Englishman to adopt an Indian career was the unique position which the conditions of the work implied. Unlike other countries, in which the permanent officials are controlled by Ministers, the Administrators of India not merely execute a policy; they also initiate it. For many decades, the Indian Civil Service was not only an administration; but it was also a Government. As will be readily understood, the combination of great power, unusual freedom, and full scope for the best talent of heart and head, constituted a great attraction to some of the ablest products of the British Universities. But after the inauguration of the Reforms in pursuance of the policy laid down by the declaration of August the 20th, 1917, it was plain that these conditions could not survive unaltered. For long the politically-minded classes of India have been demanding that

Old and New Conditions.

the Public Services should be manned by their own countrymen, and that the rate of Indian recruitment fixed for every cadre should be rapidly raised. This demand was shortly reinforced by the contention that the whole function of the administrative services in India should be assimilated to that discharged by the permanent officials in countries which enjoy self-government; in other words, that the administrative cadres should become merely the trusted advisers and capable agents of Indian politicians, who themselves would determine the broad lines of national policy; would control the Services; and would lay down the conditions of recruitment and the scales of pay. The increasing influence exercised by the ideas of educated India in these, as in other, directions, caused a certain disquietude. The relations between the political classes and the Services were markedly worsened. In the minds of the European officials, the uncertainty of the political future of India; combined with the attacks upon them in the press and upon the platform, and their steadily deteriorating financial condition, produced feelings of anxiety and discontent. The disturbed political atmosphere of the years immediately subsequent to the introduction of the Reformed constitution acted as a grave discouragement to men who were anxious to give their best to the country of their adoption. Partly owing to these circumstances and partly owing to the conditions which obtained in England, the flow of recruits for the Indian Services declined so seriously as to threaten cessation. From the point of view of Indian political opinion, on the other hand, the self-government granted in the transferred field seemed incomplete, because the members of the All-India Services engaged therein were still under the ultimate control of the Secretary of State. There was, therefore, no disposition to refrain from pressing demands for a more speedy Indianization as well as for a radical alteration in the functions of the administrative Services. The up-shot was that within four years of the passing of the Government of India Act, both the Secretary of State and the Government of India were obliged to reconsider the whole question of the Services.

Difficulties of the Services.

At the end of May, 1922, the Government of India consulted the local Governments in a letter which has become famous as the "O'Donnell Circular," in which the arguments for and against a drastic reduction or complete cessation of European recruitment were clearly summar-

Anxiety of Government.

ised. This letter had not been written for publication; and its broad-casting through journalistic enterprise led certain sections of opinion both in England and in India to accuse the Indian Government of betraying the cause of the Europeans in the Services and of jettisoning, for political considerations, the responsibilities which Great Britain still retains for the welfare of the people of India. European non-official opinion, which naturally attaches the greatest importance, on account of the magnitude of Britain's Stake in India, to the maintenance of the British element in the Services, was particularly emphatic in its protests. Early in August, 1922, Mr. Lloyd George delivered what is still remembered as the "Steel-frame" speech, in which he plainly declared that he could see no period when India could dispense with the guidance and the assistance of a nucleus of the British Civil Services. The reaction of Indian political opinion to this speech was such as to confirm the anxieties of those who feared lest the cessation of suitable recruits should adversely affect the functions and the efficiency of the administrative Services in India. After discussion between the Secretary of State and the Government of India, a Royal Commission, under the Chairmanship of Viscount Lee of Fareham, was appointed in June, 1923, to examine the position of the Superior Civil Services in India. The terms of reference included an inquiry into the organization and the general conditions, financial and other, of the Services, the possibility of transferring immediately or gradually any of their present duties and functions to Services constituted on a Provincial basis; and the methods of ensuring and maintaining such European and Indian recruitment as might be pronounced necessary. The other members of the commission were Sir Reginald Craddock, lately Lieutenant Governor of Burma; Sir Cyril Jackson; Khan Bahadur Sir Muhammad Habibullah; Rai Bahadur Hari Kishan Kaul; Mr. David Petrie; Mr. Bhupendra Nath Basu; Mr. Reginald Coupland; and Sir Chimanlal Setalvad, who was subsequently replaced by Mr. N. M. Samarth. The Report of the Commission was published on May 27th, 1924. So far as future organisation was concerned, the recommendations centred round the plan of entrusting to local Governments future recruitment for the services operating in the Transferred fields of education, agriculture, veterinary, forests (in Bombay and Burma), and of certain branches

The Lee Commission.

Its Proposals.

of engineering. The effect of this recommendation, which has been adopted by the Secretary of State is that recruitment to these Services will, in future, be made entirely by or on behalf of local Governments. The Commission further proposed that the control of certain central Services should be transferred from the Secretary of State to the Government of India, and that for the Services which will remain on an All-India footing, and under the ultimate control and protection of the Secretary of State, a large increase in the proportion of Indian recruitment should take place. This recommendation has also been accepted by the Secretary of State and in future the proportion of Indian recruitment to the Indian Civil Service and the Indian Service of Engineers will be 60 per cent.; to the Indian Police Service 50 per cent.; and to the Indian Forest Service 75 per cent. The economic grievances of the Services had been a primary cause of the appointment of the Commission, and these proposals for reorganisation were accompanied by arrangements for financial relief. The Commission proposed that Overseas pay should be slightly increased and that officers of non-Asiatic domicile and over five years' standing should be permitted to draw their Overseas pay in London in sterling converted at the rate of 2 shillings to the rupee. This recommendation was substantially accepted, although modified by the decision that the Overseas pay instead of being stated in rupees and remitted at a favourable rate, will be stated in sterling. A Passage Fund has also been instituted on which officers of non-Asiatic domicile are permitted to draw for a certain number of free passages (at a certain standard) for themselves and their families. On two points a departure was made from the Commission's proposals. The suggestion that enhanced pensions should be given to the holders of certain high appointments was not accepted on the ground that this was a departure from the general principle that relief should be granted only where absolutely necessary. On the other hand, some alleviation was felt to be desirable for certain officers above the time-scale as regards whom a division of opinion had manifested itself in the Commission; and such officers who were in receipt of pay not exceeding Rs. 3,000 a month have been granted a sterling addition of pay amounting to £13-6-8 per month. The Commission's recommendations in regard to other

Transfer of certain Services.

Increased Indianization.

Financial Relief.

matters such as House Rents, Family Pension Funds, Civil Medical Organization and also the application of the recommendations to officers holding specialist and miscellaneous appointments, were still under consideration at the close of the period covered by this Report. Other recommendations referred to the establishment of a Public Service Commission to regulate recruitment and to safeguard the discipline of the Services; to the provision of increased security of tenure; and to the protection of the Services in the enjoyment of their rights and privileges.

Reception of the Proposals.

The authoritative nature of the Report of the Lee Commission was much accentuated by the fact that it was unanimous; both the English and the Indian Members agreeing upon the conclusions arrived at. On the other hand, while the findings of the Commission were accepted as on the whole as a fair solution of a difficult question by European and Service opinion, Indian politicians generally severely criticised the work of the Commission. In a later Chapter, we shall have occasion briefly to notice the attitude of the Assembly towards the proposal put forward by Government in September, 1924, that the findings of the Commission should be broadly accepted. We may here notice that responsible criticism on the part of educated Indians concentrated itself upon certain points. It attacked the failure of the Commission to recommend an Indian in place of a European basic pay-rate for the Services, on the ground that one consequence of the confirmation of the existing standards would be to deprive the country of the financial relief which might in other circumstances have accrued from increasing Indianization. Secondly, it was suggested that the Public Services in India constituted a survival of the pre-reform days; and that no amount of minor modifications could adapt them to play their part in an India which looked towards responsible government. On the whole, there was comparatively little disposition to deny that a reasonable measure of relief was required to meet the admitted economic difficulties of the Services: but there was considerable resentment that the conferring of this relief should not have been left to the Government of India and the Indian Legislature. In certain quarters exception was also taken to the expressed inten-

Criticisms: European Pay Scale Perpetuated.

Functions of the Services Unchanged.

Continuation of European Recruitment.

tion to encourage a flow of suitable candidates from the British Universities. At first, the attitude of Indian public opinion towards the Services seemed to be exacerbated by the Lee Report and by the action which Government shortly proceeded to take thereupon. Fortunately, this was only temporary. But as we have already noticed in our survey of the Minority findings of the Muddiman Committee, one school of Indian opinion firmly believes that no final solution of the Service question can be found until such time as the functions and position of the administrative cadres in India are assimilated to those of the permanent officials in a country under a self-governing constitution.

Local Self-Government.

The realization by India of responsible government, foreshadowed in the Montagu-Chelmsford Reforms, postulates the development of electoral capacity and civic consciousness among a class considerably more extensive than that which furnishes the personnel of the provincial and central legislatures. Only upon foundations which are adequate in extent as well as solid in structure, can the future fabric of a self-governing India be erected. This consideration lends particular importance to the institutions of local self-government, which in every democratic country provide at once for the inception and for the training of public-spirited activities in the service of the State. Unfortunately, in few branches of national life is the contrast between India and the West so marked as in this sphere. Among the Anglo-Saxon peoples, the conceptions of local self-government are planted deep in the individual consciousness; and upon them is founded the superstructure of democratic liberty which characterises such countries as England and the United States. In India the situation is different. For many centuries indigenous institutions containing the elements of a structure of local self-government existed, it is true, in some regions. And although they seem to have been concerned with somewhat trivial affairs, they may well have played a considerable part in the life of the average citizen. But from the modern standpoint they appear to have suffered from certain serious defects. In the first place, they were not based upon elective institutions, but upon reverence for age, in combination with hereditary privilege, or caste exclusiveness. In the second place, they were not correlated with the institutions of superior administration; had few definite functions

Indigenous and Imported Ideas.

entrusted to them; and did not stand as representatives of the locality in the eyes of the state. Their activities, in fact, were supplementary to those of the admir'stration, and were accordingly rather ignored than encouraged by the higher powers. During the confusion of the XVIII Century, these indigenous institutions fell largely into decay; and early British administrators, confronted with the task of erecting order out of chaos, found few traces of this primitive local machinery which they were able to utilise among the foundations of modern India. In certain localities, the village community still survived in a form that made renascence possible. In others, it had crumbled beneath the flood of anarchy until nothing remained to mark the place it had once occupied. Hence it was impossible to proceed along any uniform lines. The British have been blamed for ignoring the village community. The charge is unjust. Where it existed, they utilised it readily enough; but in so doing, they were compelled to modify its character. Its ancient isolation was incompatible with modern ideas. It had to be linked up with the superior administrative structure. Accordingly the village officials were taken into the salaried service of the state, and their functions regularised—a step which necessarily entailed some sacrifice of the old communal ideals. But where the village-community had disappeared, it could not be recreated. Hence it is broadly true to say that the structure of local self-government in its present form is mainly a creation of British rule. It has been imposed from above; partly as a measure of decentralization; partly as an educational process; and is thus to some extent alien from the spirit of the people. And while these institutions have struck their roots more deeply year by year, they have until lately displayed no very considerable growth. This fact is attributed in many quarters to the strict official control under which they were for long maintained. We may notice that so far back as 1882, a resolution of Lord Ripon's Government laid down in the clearest terms that the object of local institutions was to train the people in the management of their own local affairs; and that political education of this sort must generally take precedence over considerations of departmental efficiency. But this pronouncement became inoperative on account of the natural inclination to administer local institutions through official agency. which was both able and willing to relieve the non-official members of municipalities and district boards of the small responsibilities actually allotted to them. Hence there came into existence a vicious

circle. The municipalities and district boards remained apathetic because the powers entrusted to them were as a rule insignificant. On the other hand these powers continued insignificant because the institutions of local self-government failed to enlist the unpaid services of that class of public spirited men, conscious of an ability to wield power, upon which the system has been primarily built both in England and in America.

Municipalities.

A brief survey of the condition of municipalities and district boards in India in 1922-23—the latest date for which complete statistics are available—will reveal the general progress which can be claimed for the institutions of local self-government. Taking first Municipalities, it may be noticed that there are some 757 in British India, with something over 18,000,000 people resident within their limits. Of these municipalities, 687 have a population of less than 50,000 persons, and the remainder a population of 50,000 and over. As compared with the population of the particular provinces, the proportion resident within municipal limits is largest in Bombay, where it amounts to 20 per cent., and smallest in Assam where the figure is only 2 per cent. In other major provinces it varies from 4 per cent. to 9 per cent. of the total population. When we turn to the composition of these bodies, we find that considerably more than half the total members are elected; and that there is a steady tendency to increase this proportion. In all the municipalities taken together, the elected members outnumber the officials by seven to one. *Ex-officio* members number only 7 per cent., and nominated members, who as a rule represent special interests, number 25 per cent. The work discharged by municipal institutions falls under the head of public safety, health, convenience and instruction. The municipal income of Rs. 14·03 crores is derived principally from taxation; just over one-third coming from municipal property, from contributions out of provincial revenues, and from miscellaneous sources. Generally speaking, the income of the average municipality is small; the four great cities of Calcutta, Bombay, Madras and Rangoon, together accounting for nearly 40 per cent. of the total. The heaviest items of expenditure come under the heads of conservancy and public works, each of which amount to 15 per cent. of the budget. Water supply comes to 14 per cent., and drainage to 6 per cent. Education has hitherto amounted to about 8 per cent.; but this proportion seems generally on the increase and in some localities it

is already considerably exceeded. For example, in the Bombay Presidency, excluding Bombay city, the expenditure on education amounts to more than 21 per cent. of the total funds; while in the Central Provinces and Berar it is about 17 per cent.

District Boards.

In view of the fact that only 10 per cent. of the population of British India lives in towns, municipal administration cannot for some time to come affect in any large degree the majority of the people. Particular importance, therefore, attaches in India to the working and constitution of the district boards, which perform in rural areas the functions which are discharged in urban areas by the municipalities. In almost every district in British India, there is a board, subordinate to which are generally two or more sub-district boards; while in Bengal, Madras, Bihar and Orissa there are also union committees. Throughout India at large the total number of district boards amounts to some 221, with 556 sub-district boards and about 800 union committees. The members of the boards and sub-district boards numbered in 1922-23 a little over 14,000 of whom 62 per cent. were elected. As in the case of Municipalities, the tendency has been to increase the elected members at the expense of the nominated and official members. Indians constitute 96 per cent. of the whole strength; and only 11 per cent. of the total membership consists of officials. The income of the boards in 1922 amounted to Rs. 11·32 crores the average income of each district board being about Rs. 5 lakhs. The most important item of revenue is provincial rates, representing a proportion of total income varying from 25 per cent. in Bombay and in the North-West Frontier Province to 63 per cent. in Bihar and Orissa. The principal objects of expenditure are education, which has come remarkably to the front within the last three years, and civil works, such as roads and bridges. Medical relief is also sharing with education, though in less degree, the lion's portion of the available revenue.

The 1918 Resolution.

Immediately prior to the reformed era, the Executive Government made a sustained effort to arouse local institutions from the stagnant conditions then characterizing them. In 1918, the Government of India issued an important resolution laying down in general terms certain lines of progress. While reiterating the principles enunciated long ago by Lord Ripon's Government, the new resolution proceeded to

affirm that the general policy must henceforward be one of gradually removing all unnecessary official control and differentiating between the spheres of action appropriate for Government and other local institutions. These principles had hardly come into operation when the introduction of the reforms transferred the control of local self-government to Ministers responsible to the legislature. As a consequence, during the last four years, almost every local Government has been zealous to foster the progress of local institutions. In the Punjab, legislative sanction has been taken for the creation of Improvement Trusts, for the more effective administration of smaller towns, and for the establishment of Village Councils. Every District Board and every Municipality has been re-constituted in a more democratic form; and there has been a general lowering of the franchise. In the United Provinces, the District Boards have been completely deofficialised; the franchise has been reduced; and additional powers of taxation conferred. The Municipal franchise has also been modified. Recently, measures have been taken to provide that Mussalman candidates, like others, should be qualified for election to the District Boards in any constituency in the tahsil including the circle in which their names are enrolled. In Bihar and Orissa the Municipal franchise has been revised in order that the Municipalities may be more widely representative and contain an increasing proportion of elected members. Direct election has been introduced into the District Boards, and these bodies have been removed from the supervision and control of local officials. Provision has been made for the creation of Village Unions and the constitution on an elective basis of Union Boards. In the Central Provinces the Municipal franchise has been extended; the powers of Municipalities increased; and official control relaxed. In Assam, the Municipal law has been liberalised in such fashion as to bring it in line with that prevailing in other parts of India. In Bengal, legislative sanction has been taken for the constitution of small rural units; the municipal law has been amended in such fashion as to liberalise the constitution of the Municipalities and to relax internal official control; the Calcutta Municipality has been reconstituted. In Madras the District Municipalities and Local Boards Act has been amended in various directions, all of which tend towards liberalisation. More recently legislation has been undertaken to enable local authorities to impose a tax on amusements and other entertain-

Local Self-Government under Popular Control.

ments. In Bombay, the franchise of local Boards has been lowered, the sex disqualifications removed; and increased powers conferred upon these bodies. Provision is made for the rate-payers, in the case of gross misconduct or default on the part of local bodies, to elect more suitable representatives before Government proceeds to supersede the Board and replace it by a Committee of Management. In Bombay, as in Madras, legislation has been passed permitting the establishment of Village Panchayats. In Burma, Acts dealing with the reform of rural self-government and the introduction of Village Committees have been successively passed.

Village Administration and the Panchayat.

A notable feature of the administration of local self-government, since it was transferred to popular control, has been a certain readiness to undertake experiments. Among the most interesting of these is the revivial of the Village Panchayat, or Committee of Elders. Even before the introduction of the reforms, attempts had been made in several provinces to invest the Panchayats with certain powers; but of late these attempts have been considerably reinforced.

In the Punjab.

In the Punjab, for example, a Village Panchayat Act was passed in 1921 which placed the ancient institution upon a modern legal basis, providing the Panchayat with powers which will enable it to settle local disputes and to take measures for the sanitation of villages. In the United Provinces a similar measure is in force which provides for the establishment, at the discretion of the District Officer, of a Panchayat in any village or a group of villages with powers to deal with petty civil suits, with petty criminal offences and with ordinary cases under the Cattle Trespass Act and Village Sanitation Act. In 1923-24, the number of Panchayats rose from 5,500 to 6,001, and the population living within their areas of jurisdiction is now some 6·5 million. Their working is reported to be somewhat unequal. There are many which have not functioned and some which the local Government thinks will never function. There are also others which have lapsed from vigorous energy to a state of inanition. It seems that most of the Panchayats which are regularly active try few criminal cases but dispose of a large number of petty suits. On the whole, the fact that a relatively small number of Panchayat decrees come to the District Officer for enforcement, combined with the generally favourable verdict on the working of Panchayats received from seve-

In the United Provinces.

ral districts, seems to be an indication that these institutions are serving a useful purpose in the life of the province. In regard to their public health responsibility, Panchayats have done very little. In Bihar steps have been taken to constitute a number of Union Boards under the Village Administration Act; and it is hoped that they will prove a valuable training ground for those who wish to enter public life. As yet, there are no means of judging of the success of the system.

In Bihar.

In Bombay, the local Government reports the existence of signs that the rural population is not anxious to have Panchayats, the main reason being that people do not want to tax themselves, however lightly. Applications have been received for cancelling Panchayats already established, and it would appear that the people are showing a deplorable lack of appreciation of the opportunities afforded them for training in the art of local self-government. The Bombay Government notes that the local Boards will have to carry on an intensive propaganda if they wish to have successful Panchayats operating as a source of financial and administrative relief to themselves.

In Bombay.

In Bengal, the work of establishing Union Boards proceeds steadily; and at the end of 1924, there were nearly 1500 of these bodies in working order. Unfortunately, the rural population is only too ready to take fright at any rumour of increased taxation; and the greatest tact is demanded on the part of those who attempt to organise the new institutions. Good progress is, however, reported from many Union Boards in connection with village roads, water supply, sanitation and other items of local improvement. Moreover, the Union Courts and the Union Benches work well, many of them succeeding in amicably settling a large proportion of the cases brought before them. It is a remarkable testimony to the growing popularity of these humble tribunals that in order to secure the speedy settlement of cases, creditors have been known to reduce their demands so that these institutions might have jurisdiction.

In Bengal.

In Madras also, the Panchayat system is reported to be popular. By the end of 1924, Panchayats were working in all districts except three; and nearly 500 have come into existence since the Act of 1920 which conferred sanction for their erection.

In Madras.

There is no reason to doubt that the Village Self-Government in India has a great future before it. But unfortunately, at the time

when serious attempts were being made to constitute Village Boards and Union Committees in increasing numbers, the non-co-operation campaign caused a severe set-back in certain localities. From the majority of Provinces, however, it is reported that this hostile influence is now waning. Even so, progress is necessarily slow; since villagers are suspicious of new institutions and tend to fall victims to interested misrepresentation by the enemies of Government. Moreover, localities, where village Union Boards do not exist, often fear that the establishment of these institutions may be accompanied by enhanced financial burdens. The majority of the inhabitants of the mofussil are quite alive to the advantage of improved administration, but are unwilling to face the corresponding financial obligations. Like other local bodies, Village Boards reveal a marked reluctance to tax themselves even for the accomplishment of purely local objects. This reluctance is being gradually overcome, as the direct and immediate benefits of better communications, sounder sanitation, and other items of local improvement make themselves increasingly obvious.

Future of Village Self-Government.

In India, the pace of Municipal progress is undoubtedly set by the great centres such as Calcutta, Bombay and Rangoon. These and other important industrial cities have for some years possessed energetic Improvement Trusts. The magnitude of the operations carried on by the Development Directorates in the two former cities may be said to compare not unfavourably with civic progress in other parts of the Empire. Both in Calcutta and Bombay, important loans are floated for the financing of housing schemes, the clearing of open spaces, the alignment of streets and the abolition of slums. In Bombay, the operations of the Development Directorate are planned on a very large scale. The great scheme for the reclamation of Back Bay, which will cost just over Rs. 7 crores, is making satisfactory progress. Large industrial housing projects are being pushed on to relieve congestion; separate areas for the accommodation of offensive trades are being laid out; and there are schemes for suburban housing in various stages of development involving an area of more than 1,500 acres. The well directed activity and continued response to public demands of large Municipalities throughout India is a hopeful augury of the prospects which the future may hold for Municipal administration in towns at the moment less fortunately situated.

Great Cities.

Reviewing the operation of the institutions of local self-government throughout India as a whole, we may note the existence of certain general tendencies. The activity displayed by almost every local legislature in connection with these institutions of self-government has been paralleled by an enhanced vitality in the local institutions themselves. Far greater interest is now being displayed by almost every Province in the operation of the Municipalities, District Boards, and Village Committees. As a result of the non-co-operation campaign, progress has been hampered in certain directions, particularly where circumstances necessitated the executive and the people marching hand in hand. But since Mr. Gandhi's programme was never applied to the institutions of local self-government, there was nothing to prevent his adherents from taking their share in the administration of local affairs. As a result, a large number of non-co-operators entered the Municipalities in several parts of India. In general, they displayed themselves enthusiastic, if somewhat inexperienced; and it is reported by several local Governments that the new elements were anxious to improve upon the work of their predecessors. Everywhere, keen interest is now excited by Municipal elections. The proportion of voters coming to record their suffrages is on the increase; and the old apathy which for so long persisted over the whole field of local self-government seems definitely to have come to an end. On the new Municipal bodies there is a gratifying proportion of hard-working and earnest individuals who do their best to discharge the responsibilities laid upon them. On the other hand, the new intimacy of touch between Municipal Commissioners and the electorate has, in one direction at least, operated adversely to rapid progress. Since the city fathers have now to look to the hustings, they are extremely cautious in their support of any project unlikely to commend itself to the average man. There has thus arisen a certain hesitation, in many localities, to enforce sanitary regulations, to impose taxation, to collect arrears, and in general to discharge many of the duties which might bring in their train a degree of unpopularity.

General Tendencies of Local Self-Government.

Municipalities.

Increasing Vitality.

Caution.

The interest which is now excited by Municipal affairs is shared, though to a somewhat lesser extent, by the administration of the

District Boards. These bodies constitute the natural field of activity for the land owners and men of property; and the non-co-operation party has not, as a rule, been successful in obtaining a very large share of seats. District Board elections now display a remarkable liveliness, at least as compared with the older days; and the majority of local Governments report that members of these institutions are taking a far more serious view of their responsibilities and are working far more creditably than in the days when they were subject to strict official supervision. There are, however, notable exceptions to this generalisation.

District Boards.

Unfortunately, the revival of activity, which we have already noticed, has been accompanied by serious handicaps. The majority of Municipalities and District Boards in India are still struggling against financial stringency. In the days when the institutions of local self-government were subject to direct official control, their financial position was none too prosperous; but now that they are free to undertake large schemes of development, the fiscal question tends to become acute. For this there are several reasons. So long as the District Officer was virtually responsible for Municipal administration, his paid staff performed a considerable proportion of the necessary executive functions. But now that the Municipalities and District Boards have become almost autonomous, they have been obliged to engage their own corps of executive officials. The financial effects of this change are the more serious in view of the higher prices which have characterised the post-war years in India: while the inevitable seeking after economy has been productive of adverse consequences so far as general efficiency is concerned. Government provides a trained staff for educational, medical and sanitary work. But Municipalities and District Boards are left to find their own Secretaries, Engineers, and clerks where best they can. Until a properly trained executive service becomes available, the financial and general administration of the local bodies is likely to be less satisfactory than the enthusiasm and activity of members willing to serve honestly for the good of the public would seem to imply. In addition to this factor, it should be remembered that the newly-constituted local bodies are everywhere devoting their attention to elaborate schemes of education and medical relief, which

Financial Stringency.

Effects upon Executive Staff.

entail an expenditure far greater than anything which the past can show. They have far greater than anything which the past can show. They have rightly looked to the local Governments for a measure of assistance, but the generally unsatisfactory condition of Indian finances has, as a rule, prevented this aid from being forthcoming in the requisite degree. In many provinces, therefore, Municipalities and District Boards have fallen into debt. The remedy would seem to lie along the lines of enhanced taxation combined with retrenchment. But here of course, arises the difficulty to which we have already adverted; namely, that the members of Municipalities and District Boards are reluctant to face the unpopularity which these measures would entail. Fortunately, there are distinct signs that the courage of the members is growing. From several Provinces it is reported that the local bodies are now levying fresh taxation and retrenching their superfluous activities with a rigorous hand. Further, there is now a tendency to lay stress upon the wise distribution of available funds. In the first flush of inexperienced enthusiasm, many of the local bodies indulged in schemes for the promotion of some particularly favoured activities such as education, at the expense of equally essential services such as health and communications. Generally speaking, this is no longer the case; and the members of these bodies are devoting increasing attention to the equitable adjustment of their resources to their requirements.

Upon New Developments.

Debt and the Remedy.

Allotment of Resources.

There is another tendency and that is of a less pleasing character, which distinguished the history of institutions of local self-government during 1924-25 as during 1923-24. This is the prevalence of communal feeling. Particularly throughout certain parts of Northern India, the relations between the Hindu and Mussalman members of Municipal and District Committees have been marked by serious tension. There are honourable exceptions. For example, it is reported that the manner in which the members of the Lahore Committee have refrained from taking advantage of their position for communal ends deserves commendation; while the generally harmonious working of the Multan Committee, in spite of the strong communal feeling of which that Municipality has been the unhappy victim, reflects the greatest credit on the members. In some other towns, unfortun-

Feuds.

ately, the situation is far otherwise. Hindu-Muhammadan feeling has clogged the whole machinery, the community to which the Chairman does not happen to belong devoting all its energies to the task of obstruction. Even where the situation is not so serious, much time is reported to be wasted in mutual recrimination. It is to be hoped that with the passing of the present wave of acerbity which characterizes Hindu-Muhammadan relations, the members of the local bodies will find it possible to work in harmony for the discharge of their responsibilities to the public. It is also to be noticed that in certain Provinces, where communal feeling is not rife, the work of the Municipalities and District Boards has been considerably hindered by the growth of personal and party feuds. This situation, though far from satisfactory, is less serious than that which is presented by communal recriminations; for the remedy lies directly in the hands of the rate-payers themselves. During the period we are now reviewing, there has been a gratifying tendency in certain parts of Northern India towards the formation of strong Rate-payers Associations, which bring almost irresistible pressure to bear upon recalcitrant members of Municipalities and District Boards, and compel them to subordinate their personal inclinations to their public responsibilities.

A consideration of the present conditions and of the future prospects of local self-government in India may well be concluded by a brief review of the Provincial activities in this sphere during the period with which this Statement deals.

North-West Frontier Province.

In the North-West Frontier Province, it is reported that the District Boards are working on the whole satisfactorily. The appointment of non-official Vice-Presidents has been accompanied by increasing interest on the part of the Board members. The average attendance of non-official members at meetings is generally on the increase; but has been interfered with in certain districts by unhealthy conditions. But the activities of all Boards have been hampered by the prevailing financial stringency, and much important work has had to be left undone for lack of funds. The local administration is devoting considerable attention to this question, and a conference of representatives of all the Boards was summoned in December, 1924, with the object of devising means for the improvement of the finances. Concerning Municipal administration,

the local Government reports that the members continue to take a very great interest in their duties, and that their attitude towards the responsibilities imposed upon them is on the whole satisfactory. Communal feeling shows itself in certain localities; but is in many instances offset by the public spirit and initiative of individual members. Generally, despite the fact that the institutions of local self-government are somewhat of a foreign growth in the North-West Frontier Province, there are considerable symptoms of advance in independence of action and in the smooth working of the Committees.

The Punjab.

In the Punjab, District Board finance has been causing some anxiety; and in December, 1923, a conference of Board representatives was presided over by the Minister of Education, who impressed upon the assembly the fact that Government could not for the present appreciably augment the available resources, and that funds must accordingly be carefully rationed so that no department of activity should receive unduly favourable treatment. In consequence, in the Districts where the local rate was less than the permissible maximum, taxation has been raised. A system of rationing was successfully introduced into several districts; but little progress can be expected in this direction until the new classification of accounts now under consideration is introduced. At present, the entire resources of the Boards are, as a rule, absorbed in maintaining the existing services; and no funds are available for development. But on the whole, the non-official members have displayed considerable interest in the transaction of business; while the introduction of the sub-committee system has added to the general efficiency. It is sometimes said that the proportion of funds devoted by District Boards to education is excessive and involves the starving of other departments. But an analysis of the figures show that while some 23 per cent. of the total revenue was devoted to educational purposes, no less than 37 per cent. went to public works. The District Boards are co-operating with the Department of Education in the new policy of consolidating the position already gained, rather than in attempting further expansion. The state of communications under the control of most District Boards continues unsatisfactory, largely owing, it is said, to the inefficiency of the District Engineering staff. A considerable amount of public money is wasted in connection with roads; and Government consider that it would serve no useful pur-

pose to provide additional sums for this expenditure until the management of the existing resources is conducted on a more efficient basis. The Municipalities, as a whole, are reported to exercise proper control over their executive and clerical establishments, and to discharge their statutory functions satisfactorily. In some Municipalities, communal friction has been serious; but there are several honourable exceptions. One handicap under which the Municipalities labour is the inefficiency of the executive staff, which prevents the public spirit and devotion of the members from producing its full fruit. This can only be remedied by the gradual creation of an efficient executive service. The distribution of expenditure over different heads varies very greatly in different Municipalities. Expenditure on water-supply schemes is steadily increasing, and the capital cost of schemes executed during the year amounted to over Rs. 21 lakhs as compared with Rs. 11 lakhs during the previous year. Expenditure on education averaged 9 per cent. of the total funds; that on medical relief 6 per cent. Generally speaking, the finances are in a more satisfactory position than was the case in previous years.

United Provinces.

The same statement is true, with reservations, of the United Provinces. The new District Boards, which consist of non-official members only, with elected non-official Chairmen, were plunged straightway into financial difficulties. In some cases the necessity for retrenchment was immediate, resulting in the curtailment of medical relief and of allotments for the ordinary repairs of roads. Additional taxation has so far not been generally imposed; and the Boards are still suffering from inexperience in husbanding public money and obtaining the full value for their expenditure. In the case of Municipal finances, there has been some change for the better during the period under review. The improvement in revenue, due to the increased yield from municipal taxes, amounted to more than Rs. 11 lakhs. Even so, it was only with the assistance of Government subventions that a credit balance was obtained. The new Municipalities have shown great interest in all forms of civic activity, but it is reported that they are still hampered in their work by political and communal obsessions. Like their predecessors, they are reluctant to impose new taxation; but a considerable programme of expenditure lies before them. The restoration of Municipal roads, the abatement of the dust nuisance and the renewal of water-works plant, are problems

calling almost everywhere for immediate solution, and in the leading towns of the Provinces, for heavy outlay. Conservancy, including road-cleaning and watering, continued to be the chief head of municipal expenditure, forming 17·6 per cent. of the total outgoings; while education and the upkeep of roads count for 9·4 per cent. and 9·1 per cent. respectively. On the whole, the position is more hopeful; since the rapid progress which was being made towards Municipal insolvency has been arrested during the year. But the local Government notes that the present apparently favourable position is mainly due to the postponement of expensive but urgent projects such as the reorganization of the water supply at Allahabad.

Bihar and Orissa.

In Bihar and Orissa, it is reported that many of the local bodies are absorbed in non-civic questions, and that the members have made use of their position for purposes of political demonstration. Moreover, the inexperience of the members has resulted in some cases of serious maladministration. The local Government notes that the ratepayers are beginning to realize that the remedy for this lies in their own hands. The Municipal Commissioners of Cuttack have been forced to remove their Vice-Chairman; while in Arrah and Patna, public meetings have been held at which the shortcomings of the municipal administration were severely criticised. The formation of strong Rate-payers' Associations with the object of bringing pressure to bear upon the Municipal Commissioners, is a distinct feature of the life of the Province. On the whole, the local authorities believe that it would be wrong to be unduly pessimistic regarding the future. The emancipation of municipalities and district boards from official control has, in some cases at least, infused in the Commissioners a higher sense of their responsibilities. Here, as elsewhere, the main obstacle to progress is the reluctance of the public to submit to additional taxation—an attitude which naturally reflects upon the activities of the representatives of the public upon the local bodies.

Assam.

In Assam, the financial position of the local Boards is said to be generally satisfactory; and some Boards are officially criticised for maintaining unnecessarily large balances. Of the total funds 28 per cent. was allotted to education; 26 per cent. to communications and 21 per cent. to

medical relief. But while the Boards are at present solvent, the question of improving their financial resources is serious. The maintenance of present standards presents some difficulty in certain cases; and no substantial advance in the provision of civic amenities can be expected until the income is substantially increased. The Boards already receive more than half their income from provincial revenues and no further assistance from Government can be expected. The authorities have issued a circular letter placing the situation clearly before the Board and asking for their opinion on the several measures which could be adopted to provide the funds required for development and advance. In the administration of Municipalities, the local Government reports that party feeling and friction were less in evidence than in the previous year. The Chairmen and members generally take an active interest in their duties. There is, however, much room for improvement in the condition of Municipalities, which cannot take place until the local authorities obtain larger resources. The incidence of Municipal taxation per head of the population is still very small, amounting only to Rs. 2·14.

Bengal.

In Bengal, the administration of District Boards by non-official Chairmen continued on the whole to be satisfactory, and most of these Chairmen evinced keen interest in their work, devoting a good deal of the time to the discharge of their duties at some sacrifice of their private avocations. Since several District Boards were reconstituted during the year with an elective majority, the percentage of elected members throughout the Province rose from 53 to 57. As in other parts of India, finance continued to be the principal problem. Communications, education, water supply and other sanitary measures call for the expenditure of large amounts; but owing to the inadequacy of funds, the District Boards were handicapped in every direction. Attempts have been made to augment their resources by authorising them to impose certain small taxes. But the real solution would seem to lie in the extension of the system of Union Boards. By the establishment of these institutions throughout a district, many local wants can be effectively and cheaply supplied, while the District Board is left with problems of a scale which it can solve with its existing income. Bengal has 188 Municipalities, whose total income is Rs. 83 lakhs and whose expenditure is Rs. 80 lakhs. The average annual income per Municipality is only Rs. 70,000; and

financial difficulties are, therefore, at the root of most civic problems. Many municipalities are really too poor to be able to afford an up-to-date administration; and in other cases, the Municipal Commissioners are unnecessarily content with an insufficient income. The raising of taxation, which is now only just over Rs. 2·15 per head of the population, is an essential step towards the adoption of a progressive policy leading to the amelioration of civic life.

Madras.

In Madras, the financial condition of local bodies was a subject of general consideration by Government. During the year under review, a Committee was appointed for each District, consisting of the Presidents of District and Taluk Boards, the Collector, and the Treasury Officer. These committees examined the finances of the local Boards in each district and framed normal budgets for each. The general conclusion was reached that District Boards were able to maintain their services with the revenue assigned to them; but that many of the Taluk Boards were unable to make both ends meet, even after levying all taxes at maximum rates. To meet the situation, Government proposed to abolish such of the Boards as could not maintain their services. Further assistance was given to local bodies by making monthly instead of yearly payments of Government subsidies on account of elementary and secondary education. The temporary post of Inspector of Municipal Councils and Local Boards, which had been created in 1920, was continued during the year under review; and the question of retaining it permanently is now under consideration. Generally speaking, the local Boards in Madras displayed a courageous disposition to levy taxes up to the sanctioned maximum. In the Municipalities also, the year under review showed a substantial increase in the general revenues. The average incidence of taxation per head of the population is still low, being only just over Rs. 2·2. The heaviest item of municipal expenditure was communications, which amounted to Rs. 23·7 lakhs out of the total expenditure of Rs. 133·7 lakhs. The Public Works Department had under execution water works in four Municipal towns and extensions of the existing water works in four others. The total expenditure under the general head of water supply and drainage, including the capital charges, amounted to no less than Rs. 21·4 lakhs during the year under review.

In Bombay, it is reported that the people in general are taking a greater interest in local Board affairs; while the non-official Presi-

dents and Vice-Presidents are working well. During the period under review, the aggregate income of the Boards rose from Rs. 149 lakhs to just under Rs. 161 lakhs. Expenditure rose to Rs. 156 lakhs, the principal items being Education (Rs. 90 lakhs); Public Works (Rs. 45¾ lakhs), and medical relief (Rs. 11 lakhs). The incidence of taxation was low, ranging from just over 9 annas per head in Broach to under 1 anna per head in Ratnagiri. The policy of freeing the Municipalities from internal control has been carried to its last stage. All Municipalities now elect their own Presidents; the number of nominated members has been reduced to a minimum; and the qualifications of electors are now theoretically based on the widest possible franchise. But the financial position still remains on the whole unsatisfactory; and taxation of any kind is apt to be shirked on account of the odium attaching to it. The Municipal income showed signs of increase; but is still unequal to the task of sustaining the burden which the provisions of proper civic amenities would impose upon it. Few Municipalities have so far seriously applied themselves to the task of putting their house in order; and even when normal obligations can be met, there is no working margin in hand for emergencies.

Bombay.

Local Self-Government, by the establishment of district councils and circle boards in rural areas, was introduced in the greater part of Burma towards the end of the year 1922. The circle boards were constituted by direct election on a wide franchise, and the members of the District councils were elected by these boards. The councils began work with certain district funds placed at their disposal and on budgets prepared for them by Deputy Commissioners. Besides the Rangoon Municipal Corporation, there were 56 municipalities in the province, 53 of which had elected non-official Chairmen and a majority of elected members. The ordinary income of municipalities is hardly sufficient to meet their growing expenditure. A hospital finance scheme has been introduced under which the majority of municipalities pay nothing towards the salaries of medical officers, whose services are supplied free by Government, and make only fixed contributions towards the general cost of maintenance of hospitals.

Burma.

The institutions of local self-government, which have been briefly surveyed in the foregoing paragraphs, ultimately depend

for their successful working, like every other activity of a civilised society, upon the maintenance of law and order. The principal arm of the State for the preservation of peace among the 247,000,000 persons who inhabit British India is the Police Force. This consists of about 1,078 officers of the rank of Deputy Superintendent and upwards, together with some 200,000 officers and men of lower grades. In addition, there are some 19,000 officers and men of the military police, located in the wilder parts of the country. Of these more than half belong to Burma.

Law and Order.

The Police.

Expenditure upon the Police Force in India is relatively small as compared with that of other countries. For the year 1922-23, the average annual cost of each policeman ranged from Rs. 622 in Burma to Rs. 408 in the United Provinces. The mean for all India was about Rs. 540. We must contrast these figures with the average yearly cost of a policeman in the counties and boroughs of England and Wales, which is just over Rs. 4,000. The burden of police protection upon the tax-payer is also low, ranging as it does from Rs. 1·2 per head per annum in Burma to Rs. 0·24 in Bihar and Orissa, with an all-India average of some 9 annas. The general position may be conveyed in a simple comparison. The United Provinces, a territory with over 45 million inhabitants, spent upon Police in 1923 rather less than a million sterling. The task of policing the 40 millions population of England and Wales during the same period was more than £20 million sterling. It will be obvious from these statistics that the wages in the force must necessarily be low. The salaries of Sub-Inspectors range from Rs. 155 to Rs. 97 per mensem, while the pay of the constable varies from Rs. 21 to Rs. 17 per mensem. With wages such as these, it is naturally impossible to recruit for service in the Indian Police a class of men corresponding to that which has brought the force in England into such deservedly high repute. Nevertheless, the work of the Indian Police is remarkably efficient. An interesting comparison can be made between, for example, the work of the police in Madras and that of the London Metropolitan Police. In the year 1922, the ratio of the number of persons convicted to the number of crimes of burglary, housebreaking, stealing and the like was in London 21·1 per cent. In

Low Cost.

Efficiency.

Madras, the ratio for the same offences was no less than 30·2 per cent. It is significant in this connection to remember that the proportion of literates among the police force in Madras is about 98 per cent. Elsewhere, with the exception of Bengal, which follows very close with 95 per cent., the standard is far lower, ranging at the other extreme to 27 per cent. in the North-West Frontier Province; and working out at 55 per cent. for all India. With roughly half the police in India illiterate, the force is naturally subjected to a grave handicap in the discharge of its duties.

Literacy.

The authorities are fully alive to the necessity of attracting a better class of men to service in the force. Efforts are being made to staff the intermediate ranks by the direct recruitment of men of good family, whose standards of personal honour may be expected to produce beneficial results upon the general morals and integrity. But the root question is one of finance. Within the last few years, attempts have been made in almost every province to improve the conditions in which the rank and file work. Schemes have been put forward for providing the Police with suitable housing; for maintaining a more adequate leave-reserve; and for increasing the rewards for good service. In addition, special concessions such as outfit, uniform and training allowances have been granted in various provinces. These remedial measures have been so far successful that there is at present no general shortage of recruitment; and most local Administrations report that there is little difficulty in keeping the cadre up to adequate strength. But almost everywhere there are complaints concerning the impossibility of adequately improving the conditions of service upon the scales of expenditure at present in force. The accommodation of the Police presents grave difficulty, particularly in some of the larger towns. In many cases, the men have no regular lines of their own; but are dependent upon hired quarters which are both costly and unsuitable. Unfortunately, capital expenditure even upon an object so necessary as this is not easy to compass in the existing financial condition of the majority of the local Governments. There further remains the question of remuneration. Unless the scale of wages is on an entirely satisfactory footing there can be little hope of attracting into the rank and file the type of man who is really required to raise the reputation of the Indian Police. The efficiency of the policeman in pursuit

Schemes for Improvement.

of his specific duties may be unquestioned; but unless his integrity and incorruptibility are taken for granted by the average citizen, the force as a whole will never rank high in the confidence of the public. Further, the natural limitations of the type of man now generally recruited for service in the force are such that efficiency can never proceed beyond certain limits. In every country, the scientific study of crime is now essential for successful police work. Specialised central organizations, whose duty it is to study and tabulate the *modus operandi* of each professional criminal, have become a necessity if the struggle with crime is to be successfully conducted. These organizations cannot be established in India unless funds are made available for the purpose. Meanwhile, the unequal struggle between organised gangs of criminals, and un-co-ordinated police units already overburdened with routine work, must continue. There can be no improvement until the problem is tackled in a systematic manner. Yet, the necessity for this development seems unquestionable. With the advance of education and progress, the fields of forgery and fraud, to take particular examples, develop on parallel lines both in intricacy and in technicality. Serious crime is low in India; its incidence varying from 3·38 per thousand of population in the Central Provinces to 1·00 per thousand in Madras. But as the distribution of the police for the same unit of population varies from 1·95 in Burma to 0·43 in Bihar and Orissa, it will be plain that efficiency in the detection of crime is vital if a force so sparse is to discharge its duties successfully. Considering the difficulties under which the Indian Policeman works, his country may be well proud of him. His discipline shows steady signs of improvement year by year; departmental punishments are on the decline; and individual cases of heroism and devotion to duty are so numerous that it is difficult to select typical examples for citation.

Difficulties.

The task of the Indian policeman is one that might well tax all the energies of the highly paid constable in other countries. Throughout the immense population inhabiting British India, there is an extraordinary diversity of culture. In the great cities there is an ingenious criminal population which is capable of planning frauds on industry every whit as elaborate as those which occur in the western world. In the country districts there are the usual swindlers who prey upon the credulous and foolish by profession of supernatural

Work of the Police.

powers. But at the other end of the scale, the Indian policeman is brought into contact with individuals and communities deeply tinged with superstitions darker than those which can be found in Europe. For example, in the one Province of Bihar and Orissa, there were no fewer than ten cases of the murder of suspected wizards or witches during the period under review. In remoter parts of the country, human sacrifice is still practised in secret; and in 1923, in such a place as Ranchi a child was sacrificed to appease ghosts. Between the ingenious exponent of "Get rich quick" swindles and the devotee of the Black Art, the gradation is infinite indeed. It would be no exaggeration to say that both in its extent and in its variety, the work of the Indian Police is probably unique. We must further notice that among the masses inhabiting British India there exist many acute differences of caste and creed which may at any time be the occasion for violent conflict. Popular excitement is readily aroused on matters affecting religion; and in the space of a few hours a dangerous mob, inflamed by a frenzy of fanatical devotion, may be collected to the danger of the public peace. The police themselves are human; and where communal questions are concerned, their impartiality is occasionally called in question. Particularly during the period we are now considering, did Hindu-Muslim disturbances assume an astonishing and lamentable importance. Month by month the tale of riots grew, as we shall have occasion to notice in a later Chapter. It speaks well for the Indian Police that only in one single case out of many, was their impartiality and their integrity seriously challenged.

Their Isolation.

The most serious handicap under which the policeman in India labours is the fact that in the fulfilment of his exacting and dangerous functions, he cannot rely, to the same extent as his comrade in other countries, upon the sympathy and co-operation of the individual citizen. It would seem probable that there is something wrong on both sides. In the light of the figures already analysed regarding the low level of wages prevalent in the force, and the corresponding limitations on the social and educational qualifications of the rank and file, it would be no matter for surprise if the burden imposed upon the Indian Police were too great for them to bear. It is a fact that while they discharge their difficult duties in a surprisingly efficient manner, they are not popular with the general public. They are

indiscriminately accused of high-handedness, of corruption and of repression. Misconduct on the part of any member of the force, however humble, is eagerly seized upon in the public press, which is often inclined to assume that the whole organization may be judged by isolated instances of bad behaviour. In times of crisis, when dangerous disturbances have to be suppressed, or a locality has to be defended against the ravages of dacoits, there is an insistent demand for the services of the police, and their heroism in circumstances of peril and difficulty is widely applauded. But where, as happens in so many places in India, the local Sub-Inspector of Police is the real representative of the arm of the State throughout a given area, the behaviour of the force seems often to provide the public with an excuse for criticism. Of recent years, much has been done by the authorities to improve the conduct and discipline of the police. Police schools are multiplying; the training which they provide grows more and more adequate. No pains are now spared by local Governments in instructing members of the force in their duties towards the public. Stress is laid not merely upon technical efficiency in the discharge of professional duties, but also upon the necessity of courtesy and civility towards individual citizens. As has already been remarked, there is reason to believe that the faults of which the police are still freely accused show signs of steadily diminishing. Discipline is better; departmental punishments are rarer; dismissals less frequent.

The Public Attitude.

Quite apart, however, from any justification which the conduct of the Indian Police may provide for their general unpopularity, we have to notice that their position presents certain peculiar characteristics. The average citizen in India does not seem to consider that he is called upon to assist the police in the discharge of their duties. This undoubted fact may be due either to the low level at which civic responsibility rests in India to-day; or to some definite political theory, which does not square with Western conceptions of the relation between rights and duties. In any event, it is undeniable that the average individual does not conceive himself as responsible for assisting in the maintenance of public tranquility. In which connection it should be remembered that the aloofness with which the average man regards the policeman and his labours is by no means confined to those parts of India which are directly under

British rule. In the Indian States, where polities of a strictly indigenous variety obtain, the position does not seem to be substantially different. Here also, the order preserved by the police is regarded as something for which they themselves rather than the public at large are primarily responsible. Is it not their work, which duty calls upon them to discharge? Are they not paid for it? Why then should anybody else assist them in doing it? Such seems to be the attitude characteristic of large and important sections of the Indian population. It will, however, be plain that such a situation exposes the police to serious handicap. If the public do not co-operate at all, or at best co-operate half-heartedly, in the efforts of the police to suppress crime, it is obvious that the odds are in favour of the criminal. During 1923, for example, reports from the Central Provinces plainly state that investigation was severely handicapped by the slowness of the growth of a public opinion which is prepared to range itself actively on the side of the police against the offender. There come from the Police reports of many Provinces complaints of the reluctance, of magistrates and assessors alike, adequately to punish persons who are found guilty even of serious offences. The dislike of an Indian jury for capital punishment is notorious, and the hesitation of jurors to arrive at a verdict which will entail such a sentence, leads every year to unfavourable comment. Even where there is no sympathy for the culprit, the people themselves are reluctant to undergo the inconvenience which active assistance to the authorities entails. As an illustration, we may notice the following description of the point of view of certain villagers in the Central Provinces who were called upon to assist the Police in a murder case. " The man was completely dead. So time was nothing to him. The witnesses, on the other hand, were completely alive and time was everything to them. If they said all they knew at the time, they would also be, if not completely dead, at least half dead; because they would be taken away to Chanda and their crops would be stolen or destroyed by animals. When they had finished their cultivation, they were ready to help the State. Surely, the State, which desired that its people should live happily with full stomachs, did not desire them to suffer because they were its helpers."

The absence of close and effective co-operation between the police and the public, which constitutes such a serious handicap to the

prevention and detection of crime, has been emphasized of recent years by the agitation of India politics. The policeman, as the arm of the executive, has been frequently brought into direct conflict with the exponent of political ideas. The principle lying at the root of the non-co-operation campaign, which was the severance of all relations between the people and the Government, naturally resulted in throwing the constabulary more than ever upon their own resources; while the general excitement, which swept over large sections of the population, made the task of preserving order more than usually difficult, unpleasant, and even dangerous. There is, even in normal conditions, a natural disposition to identify the constable with the existence of the British Raj; and to regard him as an obstacle to the achievement of India's national aspirations. It is sometimes forgotten that any Government, whether indigenous or foreign, must necessarily maintain order; and in the process is obliged to restrain by various means those activities which it regards as subversive of its own authority.

The Influence of Politics.

The straight road towards winning for the Police an increased measure of public appreciation would seem to lie in so raising the morale and the intelligence of the force that its members may be trusted in all circumstances to use their authority with discretion. There is no reason to despair of attaining this goal. The Inspector-General of Police in Bengal has made an interesting comparison between the state of affairs within his jurisdiction to-day and that pictured in the report of the English Police Commission of 1839. He notices that it was only through constant efforts on the part of the superior officers of the Metropolitan Police; through the weeding out of dishonest and inefficient constables; and through the hardly-won approval of the more reasonable portions of the population, that a complete change has been brought about in the attitude of the English public towards those appointed for the preservation of its order. If the policeman in India, as in England, is to be looked upon almost with affection by every law-abiding citizen, it is very necessary that a parallel line of policy should be pursued with equal determination. Already there are reports from certain Provinces that the attitude of the general public is beginning to change; that confidence in the police is gradually, if slowly, increasing; and that the assistance rendered by the public to the

Hopes of Betterment.

police in discharging their duties is becoming more effective. The advance of India towards self-government, and the increasing responsibility vested in the local and central Legislatures, may be trusted in time to remove such political bias as underlies a portion of the criticisms directed against the Police by certain sections of opinion. In this connection, it is reassuring to read the opinion expressed by the Inspector-General of Police in the United Provinces:—

"But what has made the greatest impression on my mind after my absence, is the attitude of the Legislative Council. I was led to expect bitter criticism of and fierce hostility to all police work or proposals. Criticism, there must and should be, but it has never been bitter, and has often been, not only justified, but of assistance to me and my officers in our endeavours to keep the department clean, honest and efficient. As to hostility, I have received at the hands of the Council the most patient and sympathetic hearing and consideration whenever it has been my duty to place before members the needs or difficulties of the department which I have the honour to command. If the attitude of the Council towards the police is a reflex of that of the public, then, I venture to assert that we are already on the road leading to that confidence and trust by the masses in the police as their natural protectors and supporters, which are so desirable."

Crime in 1924.

During the year 1924 the level of crime throughout India remained normal. The highest pitch had been reached in 1922, at the time when the non-co-operation movement, escaped alike from the control and the purpose of its leaders, infused into large elements of the population a spirit of defiance of law and order. In 1923, the tide receded; and in the year we are now reviewing, there was no return of the flow. We may remark, however, that there are three features of the crime-record in this period which deserve notice. One of these is normal; the other two may fairly be termed exceptional.

Dacoity.

Dacoity or gang robbery is one of the most formidable problems which India presents to the Police. Bands of depredators, composed commonly of men of violent character and bad life, combine to rob and murder peaceful villagers in circumstances of almost inconceivable brutal-

ity. Whole districts are terrorized; and the police are sometimes called upon to fight pitched-battles with the brigands. There are two principal difficulties in bringing dacoits to book. The first is the wide area over which the operations of a single gang may easily extend. This, taken in conjunction with poor communications and a difficult country, may necessitate the concentration of the special police parties for weeks or even months upon the trail of one band. Next is the difficulty of obtaining information. The dacoits rely upon terrorism; and they commit such atrocities both upon their victims and upon those whom they suspect of giving information to the police, that the average villager is reluctant to take any share in assisting the authorities to suppress them. The Police reports from those parts of India where dacoity is generally most prevalent, such as Burma, the United and Central Provinces, Central India, and Gujarat, almost invariably contain horrible stories of the fate inflicted by desperate men upon suspected informers. Village watchmen are bound hand-and-foot and thrown into rivers; are roasted alive on a slow fire; are hideously mutilated as a warning to others. In fact, it is only by the most strenuous exertions that the Indian Police are able to keep gang robbery within its normal limits. During any period of general excitement, there is a tendency for dacoity to increase; and in such circumstances, the police remain the only power which protects peaceful persons from a reign of terror. In last year's Report we mentioned the dispersal, by the United Provinces Police, of a Bhantu gang which had for long oppressed certain districts. During the same year, operations even more extensive had to be undertaken in Gujarat against a desperate and dangerous gang, led by one Mirkhan. The depredations of these dacoits were so intolerable that a special force with 8 motor cars and 2 Lewis guns was finally equipped for action against them. When they were run to earth, they took up their position upon a steep hill which had finally to be stormed after a prolonged fusillade. Two members of the gang were shot dead; and large booty was recovered in the way of arms, ammunition, horses, and ornaments. The leader managed, however, to make his escape. The remnant of the gang rallied round him and another pitched-battle was fought. This finally settled the fate of Mirkhan, who was wounded and captured, while his remaining followers were either killed or wounded. These operations stretched over a large tract of country, partly lying within the limits of British

India and partly in the territories of Indian States. The Police authorities of the States co-operated heartily with the British Indian Police; and to their assistance must be ascribed a considerable measure of the success achieved.

Possibility of Suppression.

It is difficult to believe that the dacoity nuisance will ever be suppressed in India until the average man and, in particular, the average villager, can be persuaded to identify himself more actively with the course of law and order than is at present the case. This again depends on the possibility of affording him adequate protection against the vengeance of the dacoits. When outrages of a more than usually terrible character are reported, suggestions are frequently made in some sections of the Indian Press that arms licenses should be granted more readily to villagers. But in several Provinces where the experiment has been made, the results are not always successful. The possession of a gun by one or two individuals in a village does not seem proportionately to increase their capacity to beat off attack. Instances are reported from several Provinces of villagers who, either out of terror or out of apathy, have lent their fire-arms to dacoits: while the employment of fire-arms for other criminal purposes proportionately increases. A more promising line of progress would seem to be organisation of local defence parties, consisting of a number of prominent men in each village with duties assigned to them in the case of an attack by bandits. To such organized parties the issue of arms seems possible with useful results; and in the year under review there are reports from several Provinces of the success with which these defence-organisations have beaten off raids.

Terrorist Crime.

The second feature of the crime in the history of India during the year under review has been a sinister recrudescence of terrorist crime. During the year 1912-17 a revolutionary conspiracy existed, the threads of which were exposed in the Report of the Committee over which Mr. Justice Rowlatt presided. This conspiracy was not suppressed until its leaders were confined under the provisions of Regulation III of 1818, and many of its subordinate members dealt with under the Defence of India Act. After the Royal Proclamation of clemency of 1919 most of these persons were released. Many forsook their connection with revolutionary crime and have not since returned

to it. But a small body of irreconcilables subsequently began to re-organize their societies. The earlier stages of the non-co-operation movement, with its emphasis on non-violence, placed a considerable obstacle in their way. Mr. Gandhi's ideals and personality captured the imagination of the emotional middle class youths of Bengal to whom the terrorists have always looked for their recruits. They themselves, however, still retained their faith in the efficacy of assassination as a political weapon. In and after 1922, it was gradually realised that the policy of non-co-operation had failed to achieve the ends to which it was immediately directed. The terrorists thereupon came more into the open; and began, in opposition to Mr. Gandhi's own declarations, to preach the necessity of violence. The two main terrorist organisations were now fully resuscitated; and new members in large numbers were recruited. Arms and ammunition partly of a kind which cannot be purchased in India and must thus have been smuggled from abroad, were collected; a new and dangerous type of bomb was manufactured; and projects for the assassination of certain police officers were devised. At the same time, there appeared in the press an ever-increasing flood of articles in praise of the older revolutionaries. In May, 1923, there came an outbreak of political dacoity culminating in assassination, and in the looting or attempted looting of two Post Offices. The attempt of Government to bring certain persons to book in what is called the Alipur Conspiracy Case failed, owing to the general atmosphere of intimidation and to the fact that much of the evidence in possession of the authorities could not be placed before the court without danger to the lives of those who had provided it. Accordingly, it was found necessary to intern some of the accused in that case under Regulation III of 1818; but the movement was only temporarily checked by this action. In December a serious dacoity was perpetrated by armed middle-class youths at Chittagong; followed by the assassination of a Sub-Inspector of Police who had arrested one of the accused. In January, 1924, Mr. Day was murdered in broad daylight in Calcutta in mistake for the Commissioner of Police. And in April a similar attempt was made upon the life of Mr. Bruce. In March, a bomb factory was discovered in Calcutta; and evidence came to light of the existence of another at Faridpur. In July, a member of the party was arrested in Calcutta with a

Earlier History.

Events in 1924.

fully loaded revolver in his possession; and, at the end of this month, there appeared "The Red Bengal" leaflets announcing a campaign of assassination against the police, and threatening with the same fate any of the public who interfered. In August, there was a bomb outrage in a *Khaddar* shop in Calcutta; and the dead body of an accused acquitted in this case was subsequently discovered shockingly mutilated. In addition to these overt acts, the Government of Bengal stated that it had knowledge of five other attempts to murder police officers, high officials, and members of Terrorist organisations who had fallen under suspicion among their fellows, which were abandoned at the last moment or otherwise miscarried. In these circumstances, the Government of Bengal had no alternative but to apply for extraordinary measures. Regulation III of 1818, which provides for the incarceration upon a warrant from the Governor General in Council of persons against whom there may not be sufficient ground to institute judicial proceedings, was felt to be an unnecessarily severe weapon for dealing with less prominent members of the conspiracy. An Ordinance was, therefore, promulgated on the 25th October, 1924, which allowed the milder method of surveillance in the case of the rank and file, and required the submission of material facts and circumstances to two Judges in all cases where Government ordered personal restraint. Under this Ordinance 63 arrests were made in October and November; while 19 persons were incarcerated under Regulation III of 1818 but subsequently dealt with as the others under the Ordinance. Among them were the Chief Executive Officer of the Calcutta Corporation and two members of the Bengal Legislative Council.

The Bengal Ordinance.

We shall notice in another chapter the effect produced by the issue of this Ordinance upon the political situation in India. In reply to the accusation that Government were employing extraordinary measures to suppress the legitimate activities of the Swarajists, it will be sufficient here to quote a portion of the explanation issued by Lord Reading himself:—"The Ordinance is directed solely to these ends* and will in no way touch or affect the interests or liberties of any citizens, whether engaged in private or public affairs, so long as they do not connect themselves with violent criminal methods. The fundamen-

The Viceroy's Explanation.

* That is, the suppression of revolutionary crime.

tal duty of Government is to preserve public security on which political advance and all the functions of a civilized social organism depend. And, as it is manifest that sound and permanent political progress cannot be accelerated by violence or threat of violence, so also I deem it my duty and the duty of my Government to see that no violence or threat of violence shall operate to retard it. I and my Government will therefore proceed as we are doing along the line of political development laid down in the declared policy of Parliament reaffirmed by His Majesty's Government. Acting with these objects and these intentions, I believe myself and my Government to be entitled to the support and co-operation of all those who have truly at heart the peace, the prosperity and the political future of India."

Revolutionary Crime and the Public.

Generally speaking, there was little disposition in responsible quarters to deny the existence of revolutionary conspiracy; or to question the facts put forward by the authorities in defence of their action. There was, however, a considerable amount of scepticism as to whether the Ordinance was really required; combined with comment on the failure of the Government of India to take the Legislative Assembly into their confidence. The reply to the latter charge was that the whole purpose of the Ordinance would have been frustrated had the suspects been put on their guard by a previous discussion in public; and to the former, that the ordinary purposes of law required for their proper operation an atmosphere of tranquillity which was not existent. Vigorous protests were raised by many sections of political opinion; but it is to be remarked that the issue of the Ordinance did not entail any widespread political agitation. The action of the authorities, in short, while it did not command support from those sections of Indian public opinion which are most vocal, failed to bring upon the heads of Government that fierce general denunciation which its opponents anticipated. As we pointed out in last year's Statement, the issue between the authorities and the anarchists is still somewhat clouded in the eyes of certain persons first by the consideration that the anarchists are fellow-Indians while the Government is regarded as alien; and secondly by the fact that revolutionary crime, which scarcely touches the majority of the public, is not connected in the popular mind with those dangerous implications which cause the authorities to regard it so gravely.

It is only fair to emphasize the fact that the general public manifests no approval either for the outrages or for those who commit them. But there is a disposition to regard as an innocent and oppressed person anyone who is punished without being tried and condemned by the ordinary courts. In consequence, a suspect who is interned without being brought to trial can rely as a rule upon a good deal of sympathy. Great harm can be done to immature and emotional youths by pronouncements which seem, with whatever reservations, to endorse and extol revolutionary methods. Some sensation was caused in June 1924 by what is generally known as the Serajganj Resolution. The Bengal Provincial Conference, over which Mr. C. R. Das presided, passed a resolution which, while paying tribute to the basic principle of non-violence, spoke of the "high and noble ideal" and "noble self-sacrifice" of the murderer of Mr. Day. This was very unfortunate. That there could be any sympathy, on the part of the Swaraj Party, which follows Mr. Gandhi's ideal of non-violence, with revolutionary crime, has been emphatically denied upon several occasions by responsible leaders. In March 1925 Mr. C. R. Das himself declared that his party was opposed on principle to political assassinations and violence in any shape or form, feeling that if violence is to take root in the political life of India, it would spell the end of their dream of self-Government for all time to come. But the resolution at Serajganj was most mischievous. The Local Government state:—"There can be no doubt that the impetus thus given to revolutionary aims was directly responsible for the increase in strength and activity of the terrorist associations against which action had finally to be taken by the Ordinance."

Bolshevik Conspiracy.

It is impossible also to overlook the danger of communist organizations in foreign countries conspiring with the terrorist organization in India. During the year we are now reviewing, a dramatic illustration of this peril was found in what is known as the Cawnpore Conspiracy case. The High Court of Allahabad decided that Government had fully established that an individual passing under the name of M. N. Roy and carrying on a correspondence from an address in Berlin, had been engaged in organising and fomenting in India a conspiracy professedly on behalf of the Third Communist International. The accused in the case were found to have entered into this conspiracy and to have agreed to act under the directions of this individual

for the purpose of depriving His Majesty the King-Emperor of the sovereignty of British India. The final remarks of their Lordships the Chief Justice and Sir Theodore Piggott may be quoted:—

Judgment of the Court.

"Although there is no plea against the severity of the sentence in the memorandum of appeal, something was said in argument before us as to the general futility of their proceedings, the apparent absence of anything like tangible results endangering the public security, and the suggestion was at least thrown out that their proceedings were more deserving of contempt than of prosecution and punishment. This plea does not impress us. It happened that the close personal attention given to their activities by Col. Kaye and the remarkable efficiency of his department frustrated and hampered them at every turn. Their proceedings were known from day to day, and when the evidence against them was complete, their arrests followed. Absurd and unbelievable as their aspirations were, the fact remains that each of these men entered into and carried on this conspiracy with each other and with Roy in the most serious spirit. Whilst the conspiracy had for its principal object the overthrow of British rule in this country, the conspirators looked even beyond this. Exhibit 9, 9*a*, 11, 12, the pamphlet 'What do we want', and many other documents set out clearly what they aimed at achieving and how they hoped to achieve it. British rule, government by upper and middle class Indian alike, were to be swept away, the confiscation of property was to be wholesale. A 'People's party' was to be the initial step, having a public programme designed for their betterment which in no way offended against the law. Within that apparently harmless body 'illegal' activities were to be prosecuted by an inner party consisting of 'all the revolutionary nationalists.' Violence and destruction of property were to be encouraged and conflicts to be precipitated. At the propitious moment, resources and armed help were to come from the 'Universal revolutionary party', *i.e.*, the Communist International. Throughout the whole of this fantastic scheme no calculation is made of, no thought apparently given to, the forces which British and Indians alike would array against an enemy bent on their common destruction. In the event of the overthrow by force of arms of the British Government, the revolutionaries proposed to sweep away all Indian political groups and labour organizations which did not come into line. The power of upper

and middle class Indians was to be destroyed by taking from them all that they possessed."

It will be perfectly plain from this extract that the existence of a revolutionary conspiracy in India constitutes a serious menace; not merely from the possibility which it holds of the debasement of political life; but also from the undoubted opportunities which it affords to those whose professed aim it is to reduce the whole world to chaos and confusion.

Indian Jails.

The discussion in the foregoing pages of the Indian Police system brings us naturally to the question of prisons. In India there are 43 central jails, 181 district jails, and 550 subordinate jails and lock-ups. The average daily population is just over 119,000, of whom the bulk are derived from the agricultural labouring classes. The comparative insignificance of this figure, when contrasted with the total population of British India, is a testimony to the general law-abiding character of the Indian people. Indian jails, as a whole, are healthy; the average death-rate therein being 2·0 per cent. as compared with 3 per cent. for the free population. The total expenditure incurred on prisons amounts only to a sum of Rs. 1·67 crores against which must be set Rs. 0·2 crores derived from jail industries.

The Jails Committee.

Since the introduction of the reformed constitution, the maintenance of the Indian Prisons falls within the sphere of provincial Governments. It is, however, subject to all-India legislation. The obvious advisability of proceeding along certain general lines of uniform application led lately to the appointment of a Jails Committee, which conducted the first comprehensive survey of Indian prison administration which had been made for thirty years. Broadly speaking, stress was laid by the Committee upon the necessity of improving and increasing existing jail accommodation; of recruiting a better class of warders; of providing education for prisoners; and of developing prison industries so as to meet the needs of the consuming Departments of Government. Other important recommendations included the separation of civil from criminal offenders; the adoption of the English system of release on license in the case of adolescents; and the creation of children's courts. The Committee found that the reformative side of the Indian system needed particular attention. They recommended the segregation of habituals from ordinary

prisoners; the provision of separate accommodation for prisoners under trial; the institution of the star-class system, and the abolition of certain practices which are liable to harden or degrade the prison population.

The effect of these recommendations, when carried out, will be to place India thoroughly abreast of the leading developments of penology in other countries. Action is now everywhere being taken to carry into effect the proposals of the Jails Committee. Unfortunately, in the majority of Provinces the process has been hampered by financial stringency; for many of the changes advocated entail heavy expenditure. Generally speaking, however, good progress has been made. Overcrowding, which was noticed by the Committee as a serious defect in several provinces, has now very largely been remedied. Fresh rules have been drawn up to govern such matters as jail punishment, and the infliction of whipping is carefully regulated. Solitary confinement has been abolished as a prison punishment; the remission system has been improved, and attempts are now being made to teach the convict a trade which will assist him to become a useful citizen when he serves his sentence. Special Committees have been appointed in several Provinces to advise Government as to the religious needs of the various communities represented in the jail population. Additional Juvenile jails have been instituted; and where financial stringency makes such provision impossible, arrangements are made for the release of child offenders on bail under the custody of their parents. Among the improvements which have been generally effected, mention may be made of facilities in regard to earning remission of sentence; the separation of under-trial prisoners from the surveillance of convict officials; the institution of libraries for prisoners, and the reformation of rules regarding the habitual criminal. In several Provinces, Advisory Boards have been constituted to review periodically the sentences of long term prisoners. It is to be noted that the major portion of these reforms have been carried through by the initiative of the provincial Governments, the Government of India having for the most part confined their attention to laying down certain general principles in regard to which uniformity is possible. Early in 1925, the Central Administration introduced into the legislature a measure to modify the Indian Prisons Act, 1894, in certain directions recommended by the

Action upon the Report.

Jail Legislation.

Jails Committee, so as to alleviate the rigour of prison discipline. Among other changes effected were the reduction of the maximum period of separate confinement from six to three months; the abolition of solitary confinement as a jail punishment, and the restriction of change of labour as a punishment to stated periods. Additions have also been made to the exceptions to the combination punishments enumerated in Section 47 of the Prisons Act. These reforms had been introduced in jails by executive instructions soon after the report of the Jails Committee was received, and the amending measure now enacted is intended to give statutory sanction to them.

Apart from the stress which the Jails Committee laid on the reformative side of the prison work, the ameliorative treatment of criminals has been receiving attention for a good many years. In the arrangements made for youthful offenders, India is not far behind the prison administrations in other parts of the world. In several Provinces, the Borstal system is flourishing; while the majority of the larger cities have reformatory and industrial schools. Many local Administrations have set up children's courts; while legislation has been undertaken both in Bengal and in Madras to provide a machinery by which children who show a tendency to lapse into crime may be removed from pernicious surroundings and handed over to approved custody. But the success of any movement for reclaiming the criminal classes ultimately depends on the help of the general public.

Ameliorative Treatment.

Aiding Discharged Prisoners.

In most provinces of India, voluntary organizations exist for the benefit of discharged prisoners. In this country, as elsewhere in the world, the Salvation Army devotes special attention to the care of these unhapy individuals, and provides means of livelihood to prisoners conditionally released. There is much room for the extension of this work, which merits the utmost sympathy and support. There also exist in various localities Released Prisoners' Aid Societies. These bodies, which consist of philanthropists of many different religious persuasions, discover employment for discharged prisoners; provide food, clothing and shelter; restart men in their old business; and generally assist in every way to rehabilitate exconvicts as useful members of society. They also discharge the valuable function of organising public opinion for the purpose of securing that sentences of imprisonment shall be passed only in cases where offenders cannot adequately be dealt with under the

supervision of probation officers. In many places it has been found possible to appoint honorary visitors of the various jails; and the ministration of religious preachers is now everywhere spreading. Since the success of the Jail Department on its reformative side depends ultimately upon the measure of support which the general public evinces in such activities as those just described, it is unfortunate that patriotic persons do not display greater interest in this matter. There are, however, signs that the welfare of the prison population is coming to be recognised among the legitimate objects of philanthropic endeavour.

"Political Prisoners."

During the last few years, the Jail Departments of certain Indian Provinces have been exposed to a severe strain owing to the sudden emergence into prominence of a new element loosely called "political" prisoners. A large proportion of these were followers of the non-co-operation movement, arrested and sentenced for defiance of authority. They included persons from almost all classes of society, but were in general of a type very different from that of the customary jail population. The difficulty of dealing with this influx of individuals, many of whom claimed to be acting for conscience's sake, was enhanced by the fact that the Indian jail authorities are, as a rule, accustomed to a prison population of rough, illiterate, and dangerous men. Hence, for the mere safety of the jail, strict discipline has to be maintained. Somewhat naturally, the majority of these "political" prisoners did not appreciate the necessity for many of the regulations to which they were expected to conform; and before long, public opinion was moved by exaggerated stories as to the hardships inflicted upon them. From a very early date, the authorities devoted considerable attention to this problem. It was, of course, impossible that all these prisoners, irrespective of the exact nature of the offences for which they had been sentenced, should be treated somewhat in the fashion of honoured guests of the Government. But nothing short of this would have satisfied a large and vocal section of the educated classes. The Government of India, after conferring with representatives of local Governments, issued general instructions to enable prisoners convicted of certain offences to be accorded special treatment. These instructions, however, applied not only to the case of men sentenced for offences connected with political movements but to all prisoners fulfilling certain prescribed conditions. It was laid down that each case was to

be considered on its merits; and the selection of differential treatment was made to depend upon the status, character and education of prisoner, as well as upon the nature of his offence. Selected prisoners were to be separated from the ordinary jail population; might bring their own food and bedding and wear their own clothing; might possess books and magazines; receive visitors and letters at stated intervals, and enjoy exemption from menial duties. Generally speaking, the principles laid down in these instructions were already being acted upon by local Governments. These concessions, however, were very far from satisfying Indian political opinion, which disliked in particular the strict exclusion from preferential treatment of all persons convicted of an offence involving violence, or of an offence against property, or of incitement thereto; all persons hired to commit offences in connection with political movements; all persons convicted of attempts to seduce soldiers or policemen from their allegiance; or of offences directly involving criminal intimidation. The situation was not eased by the fact that many of the special class of prisoners went so far out of their way to make things difficult for the authorities that disciplinary action had to be taken against them. The arrest of large numbers of people in connection with such movements as the Nagpur Flag agitation, and the Sikh demonstrations at Bhai Pheru and elsewhere, swept into the jails a heterogeneous collection of persons, all of whom were popularly regarded as entitled to the special treatment. This view the authorities did not share. The principles which we have already mentioned were carefully applied; but nevertheless complaints frequently appeared in the press regarding the sufferings of this or that personage of local repute. Particularly was this the case in the Punjab, where bitter attacks have been made upon the Prison Administration for what is alleged to be cruel treatment of prisoners. These allegations, whenever they were sufficiently specific, were carefully investigated; and a few of the more serious were subjected to a magisterial enquiry. Many of the complaints are doubtless due to the fact that the public does not appreciate the existence of a regular machinery, both official and non-official, for the investigation of conditions in jails. But the system of releasing Akali prisoners from Nabha jails in return for an apology, naturally encouraged certain persons to endeavour to regain their credit by representing, after their release, that the apology had been extorted from them by duress of various kinds on the part of the jail authori-

ties. So flagrant in some cases were the allegations made against the character and the conduct of the jail officers concerned, that proceedings were taken in vindication of their character. Quite apart from the attack and the criticism to which the Jail Administration of certain Provinces has been subjected owing to the "political" prisoners, there has been a further regrettable consequence to the system as a whole. The differential treatment accorded to privileged prisoners has been attended with unfortunate consequences, in some places at least, to the general discipline, especially as the authorities were reluctant to take strong measures against men of refinement and education. Fortunately, with the subsidence of political excitement, the crisis shows signs of passing. With the exception of the Sikh volunteers, who are still offering themselves for arrest in large, if decreasing, numbers, the proportion of persons who have been sentenced, during the period we are now reviewing, to terms of imprisonment for offences arising out of political movements, is greatly reduced.

Civil Justice.

One of the branches of the Administration which most directly concerns the ordinary citizen, is the machinery of civil justice. Litigation is perhaps more popular in India, having regard to the general poverty of the inhabitants, than in many other countries. During the year 1922, for example, the number of suits before the Civil Courts amounted to no less than 2·6 millions. This figure does not include suits decided by Village and Panchayat Courts, which numbered during the same period 198,000; and suits tried by special revenue courts amounting to 755,000. For some time, there have been widespread complaints as to the delay attending the disposal of suits, and the arrears into which the judicial work of the civil courts has fallen. Speaking in October 1923, Lord Reading said: "After my arrival in India, when there had been time to make an examination, I was deeply impressed with the delays occurring under the present system in the administration of civil justice and specially in the recovery of the fruits of a decree by execution. These defects attracted my attention through the complaints of commercial bodies, through the observations of the Privy Council in the cases coming before them, through the observations made by members of the judiciary and the legal profession and through actual instances coming to my notice in the routine of administration. The flaw seemed to me

not due to any want of energy or capacity in the courts, but to the growth of complexity in the system the courts have to administer. It appeared to me that the ends of justice stood in some danger of being conquered and enslaved by the formalities of the law itself I need not lay stress on the deplorable results which might follow such a process. It is a stage through which the administration of law inevitably passes and has passed at different periods in England in more modern times. Steps have been taken in England to speed up the machinery of too old-fashioned a type for present needs and to simplify the technical process. I felt it my duty to take all possible steps to purge our Indian administration of justice of the reproach of delays which may amount to a denial of justice."

Accordingly, the Government of India, after consulting local Governments and High Courts, appointed an authoritative Committee under the chairmanship of Mr. Justice Rankin of the Calcutta High Court to ascertain and report what changes and improvements should be made in order to provide for the more speedy and satisfactory despatch of the business transacted in the courts. The investigations of this Committee revealed that 22·19 per cent. of the total number of suits before the Courts in 1922 remained pending at the close of the year. In investigating the extent and causes of delays in the disposal of suits, the Committee arrived at the conclusion that the situation in Bengal, Assam, Madras, Bombay and Sind was serious. They found that the mass of arrears at present accumulated took the heart out of presiding judicial officers in the most litigious districts, and was leading to lack of proper supervision in several directions. Instances were found where judgments had not been delivered till a year after arguments had been heard. Human nature being what it is, this circumstance may be explained, at least in some degree, by the nature of some of the cases which the Indian Courts are called upon to decide. The Committee made pointed references to one suit in the United Provinces in which there were over a thousand defendants, and to another in the Punjab where the number of defendants amounted to more than 1,100. The Committee point out that litigation shows no signs of decreasing; and that in particular parts of India, commercial cases are definitely growing in number and in importance. As a result of their investigations, Mr. Justice Rankin and his colleagues have made comprehensive

Arrears.

proposals for relieving the pressure which at present weighs down judicial officers. Alterations have been suggested in the jurisdiction of the lower courts, and an increase in the number of courts in places where judicial officers are overworked. In general, the proposals follow the line of devolution. The development and grant of exclusive jurisdiction to village tribunals is recommended, with a view to relieving Munsifs and Small Cause Courts of all simple money suits of small value. Proposals are made for the grant of wider jurisdiction to the courts of Subordinate Judges and Munsifs, so as to afford relief to courts of District Judges, and also to certain courts in Madras, Bombay and Rangoon, with a view to relieving High Courts on the Original Civil Side. It is suggested that Registrars should be appointed at Headquarters to relieve the District Judges of administrative and miscellaneous duties, and to act as the head of the unified offices of all courts situated in the District Headquarters. The Committee also dealt with the qualifications of judicial officers, and have put forward valuable suggestions with the object of increasing their competence and efficiency. Other suggestions deal with the legal profession itself. Among these, there is a proposal to proclaim touting as a penal offence; and to provide reasonable and just remuneration to both senior and junior pleaders in important cases. For the handling of commercial cases, the Committee has recommended the training of selected officers in commercial law and practice, if possible in England, and in other cases in the courts of the Presidency towns, where commercial cases are common. Proposals are made for the restriction of the right of a third appeal from decisions of the Chartered High Courts in second appeals which are now admissible under the Letters Patent; and also for requiring appellants in second appeals to deposit security for the respondent's costs. Emphasis is laid upon the importance of inspections by High Court Judges in districts, so that personal guidance may be given; and Judicial officers, found responsible for indolence or perversity, may be brought under suitable discipline. Among the most valuable portions of the Report is an examination of the general conditions of work in each High Court in all its aspects. It is greatly to be hoped that as a result of this remarkably comprehensive survey of the machinery of civil justice in India, action will soon be taken to remedy the delays of which there has lately been so much complaint.

Suggestions for Improvment.

In the pages immediately preceding, we have briefly described the machinery by which the law in British India is enforced. We may now consider the manner in which that law is shaped. As we have already indicated, the Montagu-Chelmsford Reforms have introduced considerable changes into the law-making bodies of India. In the local Legislative Councils the proportion of Official members has now been fixed at a maximum of 20 per cent. while the total personnel has been considerably enlarged. In Madras, Bombay, Bengal and the United Provinces, the number of members of the legislature is fixed by Statute at a minimum varying from 111 to 125; but in practice these numbers have been generally exceeded except in the case of Bombay. For example, Madras has 9 members in excess of its statutory minimum; Bengal has 15; and the United Provinces 5. In the Punjab, Bihar and Orissa, and the Central Provinces, the statutory minimum varies from 70 to 98. In the Central Provinces, the minimum figure is adhered to, but Bihar and Orissa has 103 as against the statutory minimum of 98; and the Punjab has 93 as against the statutory minimum of 83. In the Provincial legislatures, the elected members are required to constitute at least 70 per cent. of the total strength.

Legislation.

The Legislatures of India.

The Legislative work accomplished by the Provincial Councils during 1924, though perhaps less impressive than the record of 1923, remains none the less considerable. The regulation of local self-government continues to attract a preponderating share of attention. From Bombay came a Village Panchayat Amendment Act and a District Municipal Amendment Act. Burma passed a Village Amending Act, a Rural Self-Government Amendment Act and a City of Rangoon Municipal Amendment Act. Madras had also a City Municipal Amendment Act. The amendment of the law relating to Stage Carriages and Public Conveyances also claimed some notice. Measures to deal with this question were passed by Madras, Bombay, and the Punjab. Land Revenue Administration also figured among the list of subjects dealt with by the Provincial Councils. From the United Provinces came two Board of Revenue Amendment Acts and the Agra Estates Amendment Act. Bihar and Orissa passed a Chota Nagpur Encumbered Estates Amendment Act. Port Trust Acts were passed by the Madras Legislature for Tuticorin; and Port Trust Amendment Acts

Provincial Law-Making.

for Bombay and Karachi by the Bombay legislature. Both Bombay and Calcutta passed Rent Amendment Acts. Acts fixing the salary of the elected Presidents of the respective legislatures were passed by Madras, the Punjab, and Assam. Among miscellaneous measures we may notice a Stamp Amendment Act and Motor Vehicles Taxation Act in the Punjab; a University of Rangoon Amendment Act and a Rangoon Development Trust Act from Burma; an Aerial Ropeways Act from Bihar and Orissa. One advanced piece of social legislation, which excited a considerable sensation during 1924, was the Hindu Religious Endowments Act passed by the Madras legislature. This caused much heart-searching in the orthodox quarters; for its intention was to regulate the great endowments of certain religious institutions and to apply the profits under State control to benevolent activities. The measure entailed a considerable amount of correspondence between the Government of India and the Government of Madras; the Governor of Madras found himself unable to assent to the Bill as originally passed, and returned it for reconsideration, recommending certain amendments which the Council accepted. As finally passed the measure received His Excellency the Viceroy's assent on the 29th December, 1924.

Central Law-Making. Delhi Session 1924.

In the Central Legislature the law-making work of 1924 was, with certain notable exceptions, of less importance than that of previous years. In the Delhi session of 1924, attention was devoted to a measure introduced as the result of the passing in the preceding session of an Act XX of 1923—to give effect to certain resolutions adopted by the International Convention for the suppression of traffic in women and children. The limit of minority for the purposes of the new offence created by that Act had been fixed at 18; but Government considered it inconsistent that this age should be adopted in respect of the new offences while that of 16 was retained in respect of certain old-standing offences of a somewhat similar nature. They had, therefore, secured the insertion in the Bill which became Act XX of 1923 of a commencement clause to enable them to postpone bringing the new Act into operation until they had consulted local Governments. In the opinions which had been received, Government found a sufficient body of convinced public support to warrant their proposal to apply one uniform age of 18 years to all these offences. Accordingly, a Bill was introduced to give effect to this

Prevention of Traffic in Women and Children.

proposal which, after a certain amount of discussion, was referred to a Select Committee. The Bill was finally passed in a form which raised the age to 18 for the purposes of the offences punishable under sections 372 and 373 of the Indian Penal Code, a similar provision in the case of section 361 being expunged during the passage of the Bill. Among other official measures introduced in the Delhi session of 1924 mention may be made of a Bill to afford greater protection to persons under the age of 18 years; an amendment of the Tariff Act to enable Government to impose duties on articles imported into and exported from India by land; and an amendment of Indian Passport Act empowering Government to make rules to deal with persons who fail to comply with the specific conditions under which they have been allowed entry into the country. To this last measure, opposition was offered and in the end the Bill was withdrawn. A number of interesting non-official Bills came up for consideration. Dewan Bahadur T. Rangachariar introduced a Bill to amend the Code of Criminal Procedure in order to regulate the use of fire-arms in dispersing unlawful assemblies. Mr. K. Rama Iyangar introduced a Bill to amend the Indian Registration Act and to amend section 68 of the Indian Evidence Act. Mr. Shanmukham Chetty introduced a Bill to validate certain insufficiently and incorrectly stamped instruments. Sir Hari Singh Gour was the sponsor of a large number of important measures. Among the most noteworthy was a Bill to amend section 375 of the Indian Penal Code so as to raise the age of consent from 12 to 14. He also introduced Bills to make provision for the better management of Hindu Religious and Charitable Trust Property; for defining the liability of Hindu Coparceners; and for the repeal of the Indian Criminal Law Amendment Act. The introduction of this last was opposed by Government and the European elected members; but on the matter being put to vote, leave was granted to Dr. Gour by 58 votes against 39. In the special Simla session of 1924, Government took the opportunity of the meeting of the Legislature to introduce two small Bills. These were the Indian Specified Instruments Stamp Bill and the Indian Soldiers Litigation Amendment Bill. Both were passed by the Council of State and by the Legislative Assembly, the second with a small

Other Official Measures.

Non-official Measures.

Use of Fire-arms.

Age of Consent.

Special Session 1924.

amendment. But the most important piece of legislation of the session, and indeed the measure which provided the *raison d'être* for the special meeting of the Assembly and the Council of State, was a Bill introduced by Sir Charles Innes, in pursuance of the policy of discriminating protection of industries in British India, to provide for the fostering and development of the steel industry by increasing the import duties leviable on certain iron and steel articles and by enabling bounties to be given to manufacturers on certain articles. In general, the Bill commended itself to the favour of the majority of the Assembly. Opposition was, however, voiced from certain quarters. A European elected member, Mr. W. S. J. Willson, complained of the haste with which the Bill was being rushed through the House, and contended that the proper form which the proposed assistance to the steel industry should take was a bounty basis. Certain Labour representatives also objected to the measure on the score that no adequate return to the consumer would be realised for the burden now about to be imposed upon him. In Select Committee, certain changes of detail were made; the preamble was amplified and some modifications were adopted with the object of emphasizing the fact that while the protective duty would remain in force for three years only, a statutory obligation was to rest on Government to hold an enquiry during the course of the year 1926-27 as to the extent to which further protection was needed by the industry. When the Bill emerged from Select Committee, a very large number of amendments had been sent in. Many of these were ruled out of order and of those moved the majority were rejected. Among those which commended themselves to the opinion of many Indian members was one which threatened the success of the whole Bill. It proposed to limit the benefits conferred by protection to concerns of which at least two-thirds of the capital invested was Indian. The same proviso was put forward in slightly less drastic form from several quarters; and eventually the discussion was adjourned to enable Government and the Opposition to come to an understanding. This device was successful; the House agreeing, upon Government's assurance that there would be an *ad hoc* committee to go into the question of the proportion of the capital held by Indians in firms receiving the benefit of the protection, to adopt a new clause limiting the operation of the benefits to firms providing facilities for techni-

Steel Protection Bill.

Its passage into Law.

cal training to Indians; and in the case of Companies, to those formally registered under the Indian Companies Act, with a share capital of rupees and with such proportion of Indian Directors as the Governor General in Council may prescribe. Another amendment was carried, exempting from the operation of the Act such small implements as plough-blades and axes, which are commonly employed by the agricultural classes. The House, moreover, replaced a provision which had been omitted by a majority of votes in the Select Committee, imposing a duty upon imported tin-plates and tin-sheets. The Bill was passed by the Assembly on June 5th, and by the Council of State on June 9th. It received the Viceroy's assent on June 13th.

September Session. Official Measures.

In the September session, a number of small Bills were introduced by the Official Benches. One of them possesses considerable importance from the point of view of Labour.

Workmen's Breach of Contract.

Under sections 490 and 492 of the Indian Penal Code, breaches of contract in regard to service during a voyage or journey in distant places were punishable under the Criminal law. Government held that there was no longer any justification for retaining these primitive provisions; and accordingly introduced a Bill to repeal them. A Bill to re-enact, with amendments and with extended scope, the Indian Soldiers Litigation Act of 1918 was referred by the Assembly to Select Committee. Another Bill passed into law during the course of the session was an amendment of the Indian Motor Vehicles Act, introduced with the object of enabling the police to maintain a more careful control over breaches of the law relating to motor traffic. A Bill was also introduced to provide for better regulation of Cotton Ginning Factories, with a view to reducing the possibilities of adulteration. This was circulated for the purpose of eliciting public opinion. A Bill introduced by Sir Basil Blackett to consolidate the law relating to the levy of Customs duties on articles imported and exported by land from and to territories outside British India, was referred to a Select Committee in order to deal with the objection that it might possibly apply to imports or exports of Indian States. After amendment, it was passed into law. The report of the Select Committee on the Bill to afford greater protection to persons under the age of 18 was taken

Motor Vehicles.

Land Customs.

into consideration; and the Bill, as amended, was passed by the Assembly. A Bill to give effect to certain articles of the International Convention for the suppression of the circulation of and traffic in obscene publications, which was passed by the Council of State, was referred to a Select Committee by the Assembly. Among other measures mention may be made of a Bill to consolidate and amend the law relating to Government and other Provident Funds, which originated in the Council of State, and to which the Assembly made an important amendment. This was the omission of a provision designed to remove doubts as to the right of Government or the Railway respectively to withhold from a subscriber, who had been dismissed from service, that portion of his Provident Fund consisting of contributions credited to his account by the employer. The Bill as so amended was passed by the Assembly, but at the close of the period under review the amendment had yet to be considered by the Council of State. A Bill to amend the Imperial Bank of India Act came up before the Assembly when the report of the Select Committee on the Bill was taken into consideration. This was passed with one official amendment to make it clear that the Bill had reference only to Banking Companies whose capital is expressed in rupees; and with one non-official amendment, which brought Co-operative Banks within the scope of the measure. Several interesting non-official Bills came up before the Legislature during the same session. On Sir Hari Singh Gour's motion to refer to a Select Committee his Bill to make provision for the better management of Hindu Religious and Charitable Trust Property, the House displayed considerable diversity of opinion. Ultimately, the motion was adjourned. The Bill to repeal certain provisions of the Indian Criminal Law Amendment Act previously introduced by the same member also came up before the Assembly; and, despite the opposition of Government, was taken into consideration by 71 votes against 39. It was eventually passed by that chamber, despite the arguments of the Treasury Benches, by a considerable majority. Mr. K. Rama Iyangar's motion to refer to Select Committee his Bill to amend the Registration Act, 1908, was accepted by the House, despite official opposition. Mr. Rangachariar's Bill to regulate the

Obscene Publications.

Provident Fund.

Imperial Bank.

Non-official Measures.

Bill to repeal Criminal Law Amendment Act.

use of fire-arms in the dispersal of an assembly was referred to Select Committee by the Indian non-official majority. Two measures of considerable importance, from the standpoint of Indian Labour, were introduced by private members. Mr. Chaman Lal introduced a Bill to make provision for the weekly payment of wages to workmen, to domestic servants and other employees; and Mr. Joshi introduced a Bill to regulate the employment of women in factories and mines and on estates to which the Assam Labour and Emigration Act, 1901, applied. Among the more controversial measures was a Bill introduced by Mr. K. C. Neogy to prohibit the reservation of compartments in Railway trains for the exclusive use of persons belonging to any particular community, race, or creed.

Use of Fire-arms.

Labour Legislation.

Railway Reservations.

CHAPTER III.

Economics.

India, in common with other countries, has suffered derangement in her economy from the aftermaths of the war. This fact was reflected in an era of five years of unbalanced budgets. But financial equilibrium has been restored; a steady revival in trade has taken place; and her prospects of commercial and industrial expansion are now extremely favourable.

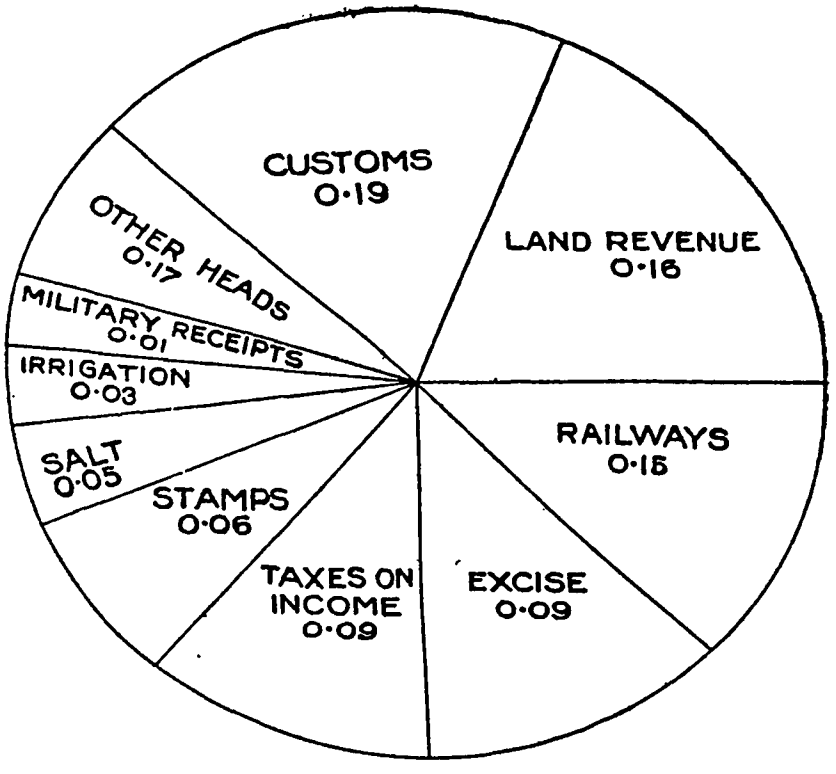
Certain general conditions which regulate the finances of the country require a short explanation. India has large commitments in London, which require annual payments of from £25,000,000 to £30,000,000. The major portion of this sum represents the interest on capital which India has borrowed for the purpose of internal developments, whence she derives great profit. A second item is payment for Government stores which cannot be obtained in India. This head is destined gradually to disappear as the new policy of purchasing in India gains ground. Already strenuous efforts have been made to reduce it. Third come the payments made to England for the leave allowances of Government servants and for their pensions after they have retired. Fourth is the cost of maintaining the High Commissioner for India, who discharges functions in England similar to those of High Commissioners representing the self-governing Dominions. Occasionally, these commitments in London are swollen by special items. For example, the revised estimates for the year 1924-25 provide for a total disbursement by the Secretary of State and the High Commissioner for India of a sum of £56 millions. Of this amount £18·5 millions represents the East Indian Railway Debentures taken over by the Secretary of State on termination of the Company's contract. Other items are £7·5 millions on account of railway capital outlay; £2·6 millions representing expenditure on behalf of Provincial Governments; and £2 millions for the discharge of Debentures and Issues under deposits and advances. The net expenditure of the Government of India in England, in excess of revenue there received, accounts for £25·5 millions.

Commitments in England.

DIAGRAM No. 2.

How each Rupee of Revenue was made up in India 1923-24.

(Provincial and Central Together.)



The Rupee of Revenue 1923-24.

[The basis of reckoning is the same as that on which the accounts and estimates are prepared; working expenses of the Railway, Irrigation, Posts and Telegraphs Departments, refunds and the like being deducted from revenue and not treated as expenditure.]

From the internal aspect also, India's financial system presents certain peculiarities. Direct taxation, in the ordinary sense of the word, bulks far less largely in her budget than in the revenues of many other countries. For example, out of the total revenue, according to the revised estimate for 1924-25, of Rs. 134·8 crores, only Rs. 16·47 crores is derived from the direct taxation of income. Government incomings are derived principally from such indirect sources as Customs, Salt, Railways, Currency and Mint profits, and Irrigation. Further, since India is still predominantly agricultural, the revenue of the country is largely influenced by the character of the season; although, as will be explained below, the separation of the railway finance from the general finance of the country will probably reduce in some degree the element of uncertainty which has hitherto characterised financial predictions. As time goes on, it may be hoped that the Indian budget will cease to merit the cynical description of " A gamble in rain "; but so long as three out of every four persons gain their living directly from soil, the influence exerted from year to year upon the prosperity of the country by the nature of the monsoon must continue to remain a financial factor of no ordinary importance.

Domestic Finance.

As between the Central and Provincial Governments the financial arrangements were, until recently, somewhat complex. Formerly, all revenues went into the coffers of the Government of India, whose sanction was requisite for any considerable expenditure. This system developed into the plan of " divided heads ". The budget of the Government of India still included the transactions of the local Governments, but the revenues enjoyed by the latter were mainly derived from sources of income which they shared with the Central Government. The reformed constitution has introduced a complete separation between the finances of the Central and Provincial Administrations. Land revenue, Irrigation, Excise, and Stamps have become provincial sources of revenue. The Government of India still retain such important heads as Customs, Taxes on Income and Salt; as well as the profits derived from Railways, Irrigation, Currency and Mint charges, Posts and Telegraphs, and other Central Services. Nevertheless, the new arrangement has substantially curtailed their resources; and hitherto

Central and Provincial Finance.

the deficit has had to be made good by contributions from the Provinces. These contributions are based upon the report of a Committee presided over by Lord Meston in January, 1920, which recommended that the Provincial Governments should contribute annually Rs. 9·83 crores to the Government of India. The recommendations of the Committee were revised and, to some extent, altered by the Joint Select Committee of both Houses of Parliament. It was finally settled that from the year 1921-22 a total contribution of Rs. 9·83 crores or such smaller amount as might be determined by the Governor General in Council, should be paid by the Local Governments. Provision was made for reduction when the Governor General in Council fixed as the total amount of the contribution a sum smaller than that payable in the preceding year. Unfortunately, the separation between Central and Provincial finances, which might normally have been expected to benefit each party to the bargain, occurred at a time when both the Central and Local Administrations were suffering from a period of financial distress. This was due in part to rising prices and in part to the increased cost of the more elaborate machinery required by the reformed constitution. Politically, the consequences have been somewhat serious. The hope that the resources of the Provinces, increased as a result of the new financial settlement, would assist them in finding money for large schemes of economic and social progress, has been deferred. Since it is upon progress of this kind that the success of the reformed constitution largely depends, considerable dissatisfaction has resulted.

Provincial Contributions.

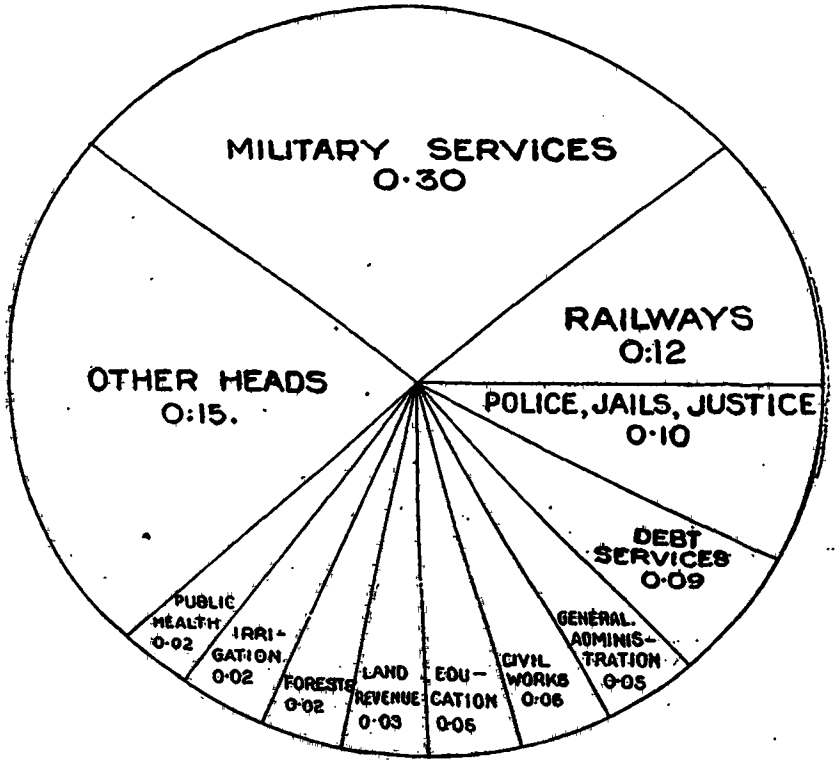
The Ministers in charge of "nation-building" Departments have not been able to effect those expansions which educated opinion has for long insistently demanded. It will thus be apparent that financial stringency has imposed a severe handicap upon the early years of the reformed regime. In addition, as is only natural, there has grown up in the provinces a strong feeling against depleting local finances by subventions to the Central Government. Certain Provincial Administrations have found themselves unable to balance their budgets under the existing arrangement; and since 1922 no contribution at all has been realised from Bengal. This was, indeed, an exceptional case; for the province in question had been recommended to the special consideration of the Government of

Financial Stringency and its effects.

DIAGRAM No. 3.

How each Rupee of Expenditure was made up in India 1923-24.

(Provincial and Central Together.)



The Rupee of Expenditure 1923-24.

[For the basis of reckoning *vide* footnote to Diagram No. 2.]

India by the Joint Select Committee. The concession, of course, encouraged other Provinces to press for relief; and dissatisfaction with the "Meston Award" is now openly voiced. But since the finances of the Central Government have until lately been such as to make a general reduction of the Provincial contributions unthinkable, relief could not be given. In 1922-23 the position of the Provincial Governments was serious; the aggregate deficit between current revenue and expenditure amounting to Rs. 3·52 crores. But the feeling that the local Administrations could expect no immediate help from the Government of India stimulated in healthy fashion their efforts to achieve financial stability. A process of rigorous retrenchment, combined with new taxation, brought their finances to a more satisfactory condition, so that the gap separating revenue and expenditure in the majority of provincial budgets is now very small. But the local Administrations have little money to spend on development; and it is frequently asserted that the contributions which they are obliged to make to the Government of India represent the whole difference between stable finances accompanied by progress in directions which enlightened opinion demands, and a precarious equilibrium which might, at any time, turn into a definite deficit. The Government of India fully realise the handicap which is placed upon the Provincial Governments by the contribution system. They have set in the forefront of their financial policy the necessity of leaving the Provinces free to undertake those large projects of social and industrial development upon which India's progress primarily depends; and as is explained on a subsequent page, the improved finances of the Central Government have now at last enabled relief to be given to certain Provinces.

The Central Government and Provincial contributions.

In connection with the relations between central and provincial finance, we may briefly mention two significant developments which have occurred during the period under review. In November, 1923, a conference between the Financial authorities of the Provincial and Central Governments passed a resolution recommending the appointment of an expert Committee on Taxation; which should examine the manner in which the burden was at present distributed between different classes of the population; should consider the whole scheme of taxation—central, provincial and local—with a view to its im-

provement; should report on the suitability of new sources of taxation; should advise on the machinery required for the collection of taxes; and should, in general, survey the whole field of the demand of the State upon the subject with the exception, to some extent, of land revenue. This committee was duly constituted under the Chairmanship of Sir Charles Todhunter, a distinguished member of the Indian Civil Service with considerable experience of financial problems. The Legislative Assembly, although it had at first agreed to the project, ultimately displayed dissatisfaction with the scope of the enquiry and the terms of reference to the Committee. Nevertheless, the Government of India hope to obtain valuable guidance as a result of the labours which the Committee has already commenced. A second important topic which has come under discussion during this period is a scheme for the establishment of a Provincial Loans Fund, the purpose of which is to systematize the arrangement by which advances are made to Provincial Governments from the Central Exchequer. It is hoped that a central Fund may be established as from the beginning of the new financial year, out of which all advances granted by the Government of India to Provincial Governments will be made, the interest charges and the terms on which the advances granted for various purposes are to be repaid being fixed for all provinces alike at such rates as will keep the Fund solvent. This project is of importance for two reasons. In the first place, it will subject to definite principles the borrowing of the Provinces, instead of necessitating the passing of special orders by the Government of India for the rate of interest, the period of amortisation, and the general terms and conditions, on each loan as it arises. In the second place, the scheme contains within itself the germs of a noteworthy development. Sir Basil Blackett, in explaining it to the Assembly, stated that he looked forward to the day when the Fund would be administered by an Indian body corresponding to the National Debt Commissioners and the Public Works Loan Commissioners in England; the money required for advances from the Fund being raised in the open market by the controlling body on the security of its own assets. Considerable benefits, he believed, would accrue to the finances of India if the advances made by the Central Government to

Taxation Enquiry Committee.

Provincial Loans Fund.

the Provincial Governments could be excluded from the Public Debt of the Government of India in the same way as advances made on the guarantee of the British Treasury to public bodies in the United Kingdom are excluded from the British Public Debt. The real facts regarding the Public Debt in India would be more obvious and the facilities for raising new capital would be widened, if so large a portion of the money required for capital development of all kinds had not to be raised, as at present is the case, by a single borrower, namely, the Government of India, on the sole security of the Indian revenues.

Financial Landmarks of 1924-25.

The financial history of the period we are now reviewing has been distinguished by one innovation of a far-reaching character, namely, the separation of railway finances from the general finances of the country. The effects of this change, from the point of view of Railway administration, will be examined in some detail upon a later page. Here we are concerned with its financial consequences. The proposal sprang in the first place, from the fact, forcibly pointed out by the Committee under Sir William Acworth which investigated the Indian Railway system, that the annual allotments for railway expenditure were determined from year to year with less regard to the actual requirements of the Indian Railways than to the general financial position of India. The unhappy results of this arrangement, from the railway standpoint, were very clearly demonstrated in the Acworth Report. After investigating the matter fully, the Government of India came to the conclusion that the suggested separation would be entirely advantageous. Not only would it enable the railways of India to be financed as a business undertaking; but, in addition, it would relieve the Government of India of many difficulties and doubts. When the general budget incorporated the gross receipts and working expenses of the railways, the difference between good and bad trading seasons and good and bad monsoons meant a difference of several crores of rupees in the budget figures. Accordingly an arrangement was worked out by which the Railways should make an ascertained annual contribution to the general revenues; and for the rest should enjoy the advantages of an entirely separate budget. The successful initiation of the proposed arrangement was by no

Separation of Railway from General finances.

means easy. The Legislative Assembly, when the proposal was brought before it in the first instance, reserved its opinion; for there was a fear in the minds of many members lest the control which the Legislature had hitherto exercised over railway policy, might in some degree be weakened. In the Delhi session of 1924, no conclusion was reached; but in September, after an interval in which the project had been fully discussed in all its aspects in the public press, a final settlement was happily arrived at. The Assembly recommended to the Governor General in Council that the railway finances should be separated from the general finances of the country, and that the general revenues should receive a definite annual contribution from railways which should be the first charge on their net receipts. This contribution was settled on the basis of one per cent. on the capital at charge in the penultimate year, *plus* one-fifth of the surplus profits in that year. The Assembly also stipulated that if, after payment of the contribution so fixed, the amount available for transfer to railway reserves should exceed Rs. 3 crores, one-third of the excess should be paid to General Revenues. This railway reserve is to be used to secure the payment of the annual contribution; to provide, if necessary, for arrears of depreciation and for writing down capital; and to strengthen generally the financial position of the railways. It was further agreed that a Standing Finance Committee for Railways was to be constituted, consisting of one nominated official member of the Assembly as Chairman, and 11 members elected by the House itself. The Members of the Standing Finance Committee for Railways are to be *ex-officio* members of the Central Advisory Council, which consists, in addition, of not more than one further nominated official member, 6 non-official members selected from a panel elected by the Council of State and 6 non-official members selected from a panel elected by the Legislative Assembly. Before the Standing Finance Committee is to be placed the estimate of Railway expenditure prior to the discussion of demands for grants in the Assembly. The whole arrangement was declared to be subject to periodic revision, but to be attempted as an experiment in the first instance for at least three years. In consenting to it, the Assembly made certain stipulations, which are detailed below in the section of this Statement devoted to Railways, and further pressed upon Government its views in the matters of Indianisation and stores-purchase. The general

General Statement of the Revenue and Expenditure charged to Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1923-24.	Budget Estimate, 1924-25.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
REVENUE—		R	R	R	R
Principal Heads of Revenue—					
Customs	A	39,69,64,296	45,01,82,000	44,76,44,000	46,35,00,000
Taxes on Income	,,	18,23,55,516	18,21,97,000	16,47,26,000	17,34,87,000
Salt	,,	10,01,50,870	9,04,62,000	7,73,78,000	6,95,00,000
Opium	,,	4,24,81,654	4,33,60,000	3,68,30,000	3,55,85,000
Other Heads	,,	2,28,56,225	2,22,32,000	2,08,21,000	2,23,14,000
TOTAL PRINCIPAL HEADS		74,48,08,561	78,84,33,000	74,73,99,000	76,43,86,000
Railways: Net Receipts (as per Railway Budget).		32,69,42,393	29,74,93,000	34,19,37,000	33,89,44,000
Irrigation: Net Receipts.	A	10,54,064	12,47,000	8,91,000	10,42,000
Posts and Telegraphs: Net Receipts.	,,	96,12,987	1,07,41,000	91,14,000	68,11,000
Interest Receipts	,,	3,16,59,629	3,17,25,000	3,79,59,000	3,60,44,000
Civil Administration	,,	68,51,292	72,01,000	70,70,000	72,60,000
Currency and Mint	,,	3,12,73,991	3,63,86,000	3,91,93,000	4,08,07,000
Civil Works	,,	37,05,245	12,36,000	12,12,000	10,18,000
Miscellaneous	,,	94,78,186	67,48,000	33,50,000	43,21,000
Military Receipts	,,	4,81,56,397	2,75,16,000	4,16,96,000	4,01,17,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments.	,,	9,21,54,718	9,22,11,000	9,25,16,000	6,72,14,000
Extraordinary Items	,,	2,59,65,851	..	2,55,89,000	38,33,000
TOTAL REVENUE		1,33,16,63,305	1,30,09,37,000	1,34,82,26,000	1,31,17,97,000
DEFICIT		..	..	..	..
TOTAL		1,33,16,63,305	1,30,09,37,000	1,34,82,26,000	1,31,17,97,000

	For details, *vide* Statement.	Accounts, 1923-24.	Budget Estimate, 1924-25.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
EXPENDITURE—		R	R	R	R
Direct Demands on the Revenues.	B	5,44,04,114	5,54,12,000	5,45,62,000	5,28,91,000
Forest and other Capital outlay charged to Revenue.	,,	..	..	21,11,000	32,93,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget).		26,25,21,458	25,16,79,000	28,55,02,000	28,65,70,000
Irrigation	B	16,42,139	22,85,000	21,94,000	17,79,000
Posts and Telegraphs	,,	25,37,942	—11,00,000	—62,000	—28,17,000
Debt Services	,,	17,33,44,971	18,32,51,000	17,92,04,000	18,18,06,000
Civil Administration	,,	9,33,97,308	9,80,28,000	10,26,87,000	10,97,98,000
Currency and Mint	,,	99,07,398	77,31,000	73,20,000	73,47,000
Civil Works	,,	1,70,31,590	2,06,50,000	1,93,27,000	1,68,47,000
Miscellaneous	,,	4,46,49,882	4,88,73,000	4,47,95,000	4,01,91,000
Military Services	,,	61,04,31,760	63,00,16,000	60,49,96,000	60,26,17,000
Miscellaneous Adjustments between the Central and Provincial Governments.	,,	37,98,778	22,65,000	56,32,000	15,74,000
Extraordinary Items	,,	3,40,96,207	..	..	25,00,000
TOTAL EXPENDITURE CHARGED TO REVENUE.		1,30,77,63,547	1,29,90,90,000	1,30,82,68,000	1,30,43,96,000
SURPLUS		2,38,99,758	18,47,000	3,99,58,000	74,01,000
TOTAL		1,33,16,63,305	1,30,09,37,000	1,34,82,26,000	1,31,17,97,000

effect of this arrangement upon the finances of the country lies principally in the consideration that the Indian tax-payer is now assured of a regular and growing contribution in relief of taxation from his investments in railways; while the task of maintaining a continuous financial policy, and of distinguishing between a temporary and permanent surplus or deficit in accounts, is immensely facilitated.

With these preliminaries, we may now briefly examine the financial position of the Central Government. Until five years ago, the accounts had, for a quarter of a century, revealed great strength. With the exception of one or two abnormal years, there were generally surpluses, which were divided among the provinces for expenditure on education, sanitation, and other amenities. Substantial amounts were further set aside for productive purposes; and State borrowings were kept at a low figure. But in 1918-19 the situation changed. There was a deficit of Rs. 6 crores, which was left uncovered. Next year, largely owing to the expense of the Afghan War, the deficit amounted to Rs. 24 crores. The final accounts for 1920-21 showed a deficit of Rs. 26 crores; and for 1921-22, a deficit of Rs. 18 crores was anticipated. Fresh taxation was imposed; but disastrous trade depression supervened which reduced the estimated revenue by Rs. 20 crores. The effect of the depression was aggravated by an increase in expenditure, with the consequence that the revised estimate showed a deficit of Rs. 33 crores. In these circumstances Government budgetted for a deficit in 1922-23, proposing to find Rs. 29 crores and to leave the remainder uncovered. The Legislative Assembly expressed itself emphatically through the mouths both of European and Indian elected members, and demanded thorough-going retrenchment; and at the same time rejected proposed increases in the duty on imported piece-goods and in the cotton excise. Throughout 1922, accordingly, all Departments of the Government of India radically overhauled their commitments; and in the winter of 1922-23 a strong Committee presided over by Lord Inchcape subjected the whole expenditure to a minute and searching scrutiny. The Committee recommended savings to the extent of Rs. 19¼ crores; the largest items of economy being on the military side (Rs. 10·5 crores); in Railways (Rs. 4·5 crores); in Posts and

Finances of the Central Government.

Deficit Budgets.

Retrenchment.

Telegraphs (Rs. 1·3 crores), exclusive of a reduction of Rs. 0·5 crores in the capital expenditure of the Telegraph Department. Under the head of General Administration, the Committee proposed a reduction of Rs. 0·5 crores, towards which every Department of the Government of India found itself compelled to contribute by drastic economies.

Resulting Economies.

It was impossible, as the Retrenchment Committee themselves realised, to obtain the full value of the proposed reductions in the first year of their operation. But by strenuous efforts, Government succeeded in including the major portion of the economies recommended in the 1923-24 budget. In the non-military portion of the expenditure, an immediate reduction of Rs. 6·6 crores was found possible as against the Inchcape Committee's ultimate suggestion of Rs. 8 crores. In the case of military expenditure, the total funds required for 1923-24 were estimated at Rs. 62 crores, which represented economies to the amount of Rs. 5·75 crores. Unfortunately, even these substantial reductions were not regarded as sufficient to balance revenue and expenditure during 1923-24; for as against an estimated expenditure of Rs. 204·37 crores, there was an expected revenue of Rs. 195·2 crores. As was mentioned in last year's Statement, the Assembly refused to consent to the enhancement of the salt tax which would have bridged the gulf between receipts and disbursements. Since Government considered that the possibilities of retrenchment had been taken fully into consideration and that the balancing of India's budget could not be further delayed without damage to her credit, the Viceroy certified the enhancement of the salt tax until March 31st, 1924. Thus, after five years of deficit, the Government of India at last achieved a balanced budget. The financial effects of this success were apparent in the course of the next twelve months in the enhanced market price of rupee securities. Further, for the first time since 1919, the Government of India were able to raise a substantial amount by a long term issue. During 1923-24, trade showed a steady revival. Exports continued to expand, and any serious decline in imports was limited to a few cases. The price of food grains fell steadily; and in December, 1923, the wholesale price of cereals in Calcutta was only 5 per cent. above the level for July, 1914. But the recovery of trade, though marked, was still

Financial Equilibrium.

slow; and the fall in price of imported articles led once more to disappointment in the Customs Receipts. Certain variations from the budget occurred under the heads of Railways, Interest, and Salt, the total effect of which was slight. On the revenue side, as against the budget estimate of Rs. 134·9 crores, it was anticipated that the figures at the end of the year would amount to Rs. 129·52 crores. Fortunately, on the expenditure side, the year showed appreciable savings. Considerable economies were effected in military expenditure; and the finances of Government profited from the rise in exchange. Hence, as against an estimated expenditure of Rs. 134·09 crores, the figures for the year seemed to indicate a revised total of Rs. 129·90 crores. Thus, at the time when the budget for 1924-25 was presented, there was reason to believe that the year 1923-24 would close with a small deficit of Rs. 0·38 crores. The position was placed beyond doubt by a windfall estimated at something like £3¼ millions, representing profits credited to the Government of India from the control of enemy ships and now transferred to the Indian revenues. It was, therefore, calculated that the year would close with a surplus of Rs. 2·06 crores. But, in point of fact, the actuals show an improvement over the estimated position. The revenue for 1923-24 was Rs. 133·17 crores; and the expenditure of Rs. 130·78 crores, leaving a realised surplus of Rs. 2·39 crores.

Forecast for 1924-25.

In forecasting the expenditure for 1924-25, it was estimated that the military expenditure would be Rs. 63 crores gross and Rs. 60·25 crores net. Established charges were framed at Rs. 58·75 crores as against Rs. 59·38 crores estimated by the Retrenchment Committee. On the civil side, the recommendations of the Retrenchment Committee had by this time almost all been carried into effect; and expenditure generally was kept low. On the assumption that the proposed separation of Railway from General finances would be approved by the Assembly, with the consequence that railway transactions would cease to be a direct charge on the central revenues, the total expenditure for 1924-25 was estimated as Rs. 104·57 crores. On the revenue side Government expected net receipts from the Customs of Rs. 45·02 crores. Certain small changes in the tariff were proposed, the most important being a reduction of the excise duty on motor spirit to 4½ annas per gallon; and the imposition of specific duties on empty match boxes and splints. From income tax, a total of Rs. 18·22

crores was expected. On the assumption that the net receipts from railways were replaced by a fixed contribution of Rs. 4·27 crores, a total revenue estimate was arrived at of Rs. 107·93 crores. On the basis of existing taxation, this would yield a surplus of Rs. 3·36 crores during 1924-25. To this surplus, there were two claimants: provincial contributions and the salt duty. Government recommended that a sum of Rs. 1·82 crores should be applied to reducing the duty from Rs. 2-8 to Rs. 2 per maund of 82 $\frac{2}{7}$ lbs.; and that a sum of Rs. 1·50 crores should be applied to a reduction of provincial contributions. This would have given immediate relief to Madras, the Punjab, the United Provinces, and Burma by varying amounts. But as was pointed out in last year's Statement, the Legislative Assembly refused to consider the detailed provisions of the budget upon their financial merits, and would not permit the introduction of the Finance Bill. In consequence, Lord Reading found himself obliged to certify the Finance Bill in the minimum form which the responsibility vested in him dictated. The salt tax was accordingly reduced to Rs. 1-4 per maund; consideration of the claims of the Provinces was postponed, and with the exception of the imposition on empty match boxes and splints, the other changes in the tariff which had been proposed in the draft Finance Bill were dropped.

Government's Proposals.

The Assembly's Action.

We may now briefly recount the financial history for the year 1924-25. The hopes of a marked revival in trade which had been disappointed in 1922-23, and, to a less extent, in 1923-24, were at last fulfilled. The characteristic feature of the year was the movement of greater bulk of commodities both for export and for home consumption. The first ten months of 1924-25 showed once again a considerable expansion in the exports of grain and pulse. The price of tea advanced considerably, and India's export of this commodity attained a record figure during the year. The cotton trade was engaged in adjusting itself to smaller margins; as the effect of falling world-prices and severe competition from Japan made itself felt; but the steady expansion in the export of Indian-made piece-goods, particularly grey goods, was an encouraging feature. In the last months of 1924, certain of the commodities which India chiefly exports, notably jute, tea and wheat, rose in price. Cotton

General Conditions of 1924-25.

continued, however, to fall and the hopeful prospects entertained for the industry have not yet fully materialized. Nevertheless, with a large crop in sight and indications of a steady internal demand, there are good grounds for hoping that the delay in the realisation of these prospects is only temporary. The total value of the exports of Indian merchandise for the first ten months of the financial year was Rs. 297·5 crores, which is more than Rs. 60 crores in excess of the 1922-23 figures, and Rs. 24 crores in excess of those for 1923-24. Imports have displayed a similar advance, and the balance of trade in merchandise in India's favour up to the end of January, 1925, was exactly the same as at the end of January, 1924, namely, Rs. 103·5 crores. After allowing for a total import of bullion during the 10 months in question of Rs. 61·5 crores, there remained a net balance of Rs. 42 crores in favour of India as against Rs. 63·5 crores a year ago.

Effect upon Government's Finances.

The general effect of these conditions upon the finances of the Government of India was elucidated in the Finance Member's speech of February 28th, 1925. The welcome recovery of trade was, Sir Basil Blackett stated, clearly visible in the figures of gross Customs receipts. He had budgetted for a gross revenue under this head of Rs. 46·02 crores and a net revenue of Rs. 45·02 crores. The figures available at the time indicated that the gross receipts would be Rs. 48·74 crores—an increase of Rs. 2·72 crores. There had been, it was true, a falling off in receipts under the heads tobacco, matches, and machinery, but nearly every other head showed an increase,

Customs.

particularly the import duties on cotton piece-goods and sugar. The protective duties on iron and steel imposed in June, 1924—to which fuller reference is made on a subsequent page—were estimated to bring in about Rs. 2·25 crores, of which Rs. 1·10 crores might be regarded as additional revenue. But the Finance Member pointed out that the real improvement in Customs revenue was obscured by the necessity for making a much larger provision for refunds than had been originally estimated. Reference was made in last year's Statement to the appeal preferred by the Government of India to the Privy Council against the decision of the Bombay High Court that stores

Refunds.

imported by Railway Companies working State lines came under the definition of Gov-

ernment Stores. In the course of the period under review, the Privy Council decided against Government, who were compelled in consequence to make large refunds of duties. At the time when the budget for 1924-25 was presented, it had been estimated that these refunds, if they came to be made, would amount to approximately Rs. 2 crores; and this sum was accordingly set aside from the extraordinary receipts from enemy ships, to which reference has already been made. But since a later estimate placed the amount to be refunded at Rs. 2·80 crores, and since this payment had to be shown as a refund under the head Customs, the net Customs revenue for the year 1924-25 was estimated by Sir Basil Blackett at Rs. 44·76 crores, or about a quarter-crore less than the amount for which he had budgetted. The effect of the Privy Council decision so far as concerned "Ways and Means" was, he said, almost negligible, for the loss under Customs appeared as a gain under Railways. But the revenue position was very seriously affected; since of the Rs. 2·8 crores lost under Customs, only Rs. 37 lakhs came back as an addition to the contribution made by the Railways to the General Revenues.

Income Tax.

Under the head of Income Tax, the estimate of receipts for 1924-25 had been very largely experimental. It was placed tentatively at Rs. 18·22 crores. The latest estimate was Rs. 1·75 crores short; for while the trade conditions of 1923-24 did not appreciably differ from those of the previous year, the total yield included large arrear-collections. The year 1924-25 consequently opened with comparatively lighter arrears and the receipts from Income Tax were accordingly reduced. Sir Basil Blackett hoped that through the efforts of the Central Board of Revenue, the estimates of Income Tax would henceforward contain a smaller element of conjecture. He further anticipated that with improving trade and progressive improvement in the machinery of collection, there would be a considerable margin for increase in future years under this head of revenue. He complained, however, that certain members of the richer communities in India were constantly exercising their ingenuity to evade by legal devices the payment of the taxation legitimately due from them. He referred in particular to the creation of bogus companies with a view to escaping individual responsibility for income tax and super tax. One such instance had recently come to his notice from Bombay

which threatened to lose the Government over Rs. 50,000 in the case of a single individual. He appealed to the House to support such amendment of the Income Tax Act as would close up any loop-holes that at present existed, and would ensure that the intentions of the Legislature in framing the existing scale of Income Tax and super tax were not systematically frustrated.

Salt and Opium.

Under the head of salt, Government expected to receive Rs. 1·31 crores less than the budget estimate of Rs. 9·05 crores. This is precisely the amount by which the actual receipts from salt in 1923-24 exceeded the expectation set out in the revised budget of that year. The Finance Member had allowed for a rapid replenishment of stocks following upon the reduction of the duty, but the rush by dealers to replenish stocks was so marked during March, 1924, that the receipts in that month exceeded the estimates by Rs. 1·31 crores, and the receipts in 1924-25 were correspondingly reduced. There was also a considerable decline, placed at Rs. 0·65 crores, in the estimated receipts from opium. The revenue under this head is derived in great part from fixed sales under agreements with Governments both within and without the British Empire. In addition, 3,000 chests have been offered for sale every year by auction at Calcutta. These chests are bought by traders for export to foreign countries, and no export is permitted without a certificate from the Government of the country concerned. But the recent international discussions regarding opium have introduced much uncertainty into the trade; and between October 1924 and February 1925, very few chests have been sold.

Railways.

The net receipt from railways anticipated in the budget was Rs. 4·58 crores, a figure arrived at without reference to the prospect of the separation of Railway Finance from General Finance. But in accordance with the arrangement approved by the Legislative Assembly in September, 1924, the fixed contribution from railways to general revenues amounted during the year under review to Rs. 5·09 crores. In addition, the share of the excess over Rs. 3 crores in the net balance of receipts over expenditure amounted to Rs. 0·55 crores. Hence the net credit to general revenues from railways amounted in all to Rs. 5·64 crores. The only other variation of importance in the revenue for 1924-25 was under Interest, where Government expected

an improvement of Rs. 0·5 crores exclusive of exchange, owing to the larger balances.

Expenditure, 1924-25.

On the expenditure side, one of the most important variations between the original and the revised estimates for 1924-25 occurred under the head of Exchange. The budget estimates were based upon the assumption that the average rate for the year would be $16\frac{3}{4}d.$; but experience revealed that the actual figure was about $17\frac{1}{2}d.$ Exclusive of railway transactions, which affected the general financial position only indirectly, the resultant net saving in expenditure amounted to Rs. 2·15 crores. The estimates provided for a net military expenditure of Rs. 60·25 crores. Shortage in the authorised establishments and further economies in several directions, together with benefits from exchange and the consumption of surplus stores, indicated a net figure of Rs. 56·33 crores for 1924-25 which is nearly Rs. 4 crores better than the original estimate. Under civil expenditure, there was an excess of Rs. 0·285 crores under the head of Opium, for additional payments to cultivators. Under all the other heads of civil expenditure taken together, excluding the saving under exchange, there was a net excess of Rs. 0·29 crores. The bounties under the Steel Protection Act cost Rs. 0·37 crores, and the additional bounties subsequently brought into operation were estimated to cost a further Rs. 0·25 crores or Rs. 0·62 crores in all. The cost of the Lee Commission's recommendations for improvement in the pay, pensions and allowances of the superior services under the Central Government amounted to about Rs. 0·25 crores. As the Finance Member remarked, it was satisfactory to observe that, in spite of these additional charges, the net excess in the revised estimate for other civil expenditure over the original budget amounted to Rs. 0·29 crores only. As a result, therefore, of substantial savings in military expenditure, of improved Customs receipts, of the increased contribution from the railways and of savings in exchange, the revised estimates for 1924-25 indicated a surplus of just under Rs. 4 crores as against the modest balance of Rs. 0·18 crores of the original budget.

Forecast for 1925-26: Expenditure.

In forecasting the expenditure for 1925-26, the Finance Member estimated for gross military expenditure of Rs. 60·26 crores and a net military expenditure of Rs. 56·25 crores. Excluding abnormal items, such as terminal

charge on account of gratuities to demobilized officers, the established charges of the Army for 1925-26 are calculated at Rs. 55 crores. This figure includes not only Rs. 0·27 crores on account of the item, introduced for the first time last year, in respect of Customs duty on imported stores; but also an entirely new item of charges for Army stationery and printing. The provision for anticipated additional charges on account of the revision of pay and passage allowances for the officers of the Army in India in 1925-26 amounts to Rs. 0·45 crores. A special provision of Rs. 0·43 crores is also included for buildings for the Royal Air Force and for the continuation of building schemes in Waziristan now approaching completion. The progress which has been made in curtailing the military expenditure is shown by the fact that the entire disbursements under this head fell from Rs. 87·38 crores in 1920-21 to Rs. 69·80 crores in 1921-22. In 1922-23 the figure was Rs. 65·27 crores; and in 1923-24, Rs. 55·23 crores, which has remained almost the same in the estimates for 1925-26. The Finance Member announced, however, that he looked forward to further important reductions in 1926-27.

Military Estimates.

On the civil side, the Finance Member expected a reduced expenditure under Opium of Rs. 0·57 crores resulting from restriction of the cultivated area and reduction of the price to be paid to the cultivators. The net expenditure on account of interest on debt and other obligations was reckoned at less by Rs. 0·97 crores than the figure of 1924-25. This was due to a large increase in the amount of interest due on railway investments and on loans to Provincial Governments. It was with particular satisfaction that Sir Basil Blackett drew the attention of the House to the fact that he had been able to provide additional sums, quite appreciable in aggregate amount, for education, research and other beneficial services, both in the general budget and in the budgets for the areas directly administered by the Central Government. For example, Rs. 3 lakhs out of the grant of Rs. 5 lakhs to the Indian Research Fund, which was suspended two years ago on the recommendation of the Retrenchment Committee, is to be restored in 1925-26. Increased grants are also made to the Forest Research Institute, Dehra Dun; to the Agricultural Institute at Pusa; and to the Sugarcane Breeding Station at Coimbatore. The total expenditure, including the charge

Civil Estimates.

for interest on railway capital for 1925-26 is estimated at Rs. 130·44 crores; or, excluding the railways altogether, at Rs. 101·78 crores. In order to meet this expenditure, there will be an estimated receipt from Customs of Rs. 46·35 crores. In calculating this figure, the Finance Member made allowance for the adoption of some minor alterations in the Customs tariff. These were made on the same lines as the proposals originally put forward in the Finance Bill of February, 1924, which fell out when the measure was rejected by the Assembly. They included the abolition of the 2½ per cent. import duty on grain and pulse, the reduction from 15 per cent. to 2½ per cent. of the *ad valorem* duty on certain articles chiefly used in power looms; and the modification of the duties at present imposed on petrol in such a way as to fix the duty to be paid by all petrol alike, whether imported or home produced, at 4 annas per gallon. From Income Tax, the total yield is placed at Rs. 17·35 crores, which is Rs. 0·88 crores higher than the revised estimate for the current year. From salt, the estimated revenue is Rs. 6·95 crores; from opium Rs. 3·56 crores gross and Rs. 1·76 crores net. The fixed contribution from railways to general revenues, based on the figures for 1923-24, amounts to Rs. 5·09 crores. The proportion of the excess over Rs. 3 crores between railway receipts and railway expenditure credited to general revenues is estimated at Rs. 0·15 crores. The recently introduced change in the accounting procedure in connection with the Posts and Telegraphs Department is estimated to yield a non-recurring receipt of Rs. 1·24 crores. Under other heads of Revenue, provision has been made for a reduction in interest receipts owing to smaller balances available for temporary investment; but the currency receipts are expected to exceed those of 1924-25 by Rs. 0·25 crores. The Finance Member assumed for the purpose of revenue estimate a continuance of the practice of appropriating to revenue the interest on the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40 millions. In all, to meet an estimated expenditure of Rs. 130·44 crores, he anticipated a revenue of Rs. 133·68 crores. He emphasized the fact that in 1924-25 he had been able to avoid new external borrowing and that he hoped to repeat this happy abstention again in 1925-26. This will be a particularly satisfactory achievement in view of the fact that £2·5 millions has

Receipts.

to be provided in the summer of 1925 for the payment of guaranteed Great Indian Peninsula Railway stock when the line is taken over by the State.

Estimated surplus for 1925-26.

From the estimated surplus of Rs. 3·24 crores during 1925-26 certain deductions have to be made. Among these may be mentioned the sum of Rs. 1·24 crores credited to revenue from postal and telegraphic stores; the final credit of Rs. 0·13 crores from enemy ships and about Rs. 0·20 crores from non-recurring opium revenue. Moreover, allowance has to be made for the fact that approximately Rs. 0·70 crores of military stores are expected to be consumed during the year without replacement. Thus, to the extent of Rs. 2·27 crores the surplus is swollen by receipts of non-recurring character. On the other hand, the Military budget provides for Rs. 1·71 crores of expenditure in connection with a non-recurrent item, namely, the disbandment of surplus officers. On the whole, therefore, the Government of India consider that the true recurring surplus might be fixed at Rs. 2·68 crores. In accordance with the general policy already mentioned, Government recommended that the major portion of this sum should be devoted to the reduction of Provincial contributions.

Suggestions for its disposal.

They decided to keep in hand a margin of Rs. 0·74 crores against possible disappointments or misadventures during 1925-26, and to apply the remainder, namely, Rs. 2·5 crores to the reduction of the Provincial contributions in accordance with the order of priority established under the Devolution Rules. They proposed, accordingly, that the contribution of Madras should be reduced by Rs. 1·26 crores; that of the United Provinces by Rs. 0·56 crores; that of the Punjab by Rs. 0·61 crores; and that of Burma by Rs. 0·07 crores. In addition, the contribution from the Government of Bengal of Rs. 0·63 crores was to be remitted for a further period of three years. In order that the Legislative Assembly might consider the important subject of the reduction of Provincial contributions, the Government of India arranged to bring forward a resolution inviting the concurrence of the Assembly in these proposals. In concluding his budget speech, Sir Basil Blackett remarked:—

"Those whose memory carries them back to the budgets intro-
"duced in the first Assembly in March 1921 and March 1922, and
"those who have as vivid a recollection as I have of the Budget

" discussions of March 1923, cannot fail to be impressed by the " contrast between then and now. The members of the first Assembly " co-operated unhesitatingly with the Government in the unpopular " task of making heavy additions to our taxation in 1921 and 1922. " Two years ago when the Budget for 1923-24 was introduced, not " only had we to contemplate the picture of five successive years of " deficits aggregating nearly 100 crores, but we had still to face a " serious gap on the revenue side of the account between our revenue " and our expenditure in the year then ahead of us. In spite of " drastic retrenchment involving the sacrifice of many useful and " desirable objects of expenditure; in spite of the postponement of " many items ultimately unavoidable with the certainty that the " necessity of meeting them would add to the difficulties of succeed- " ing years; and in spite of the heavy increase in taxation in 1921- " 22 and 1922-23 we found ourselves once again compelled to ask " for the imposition of a further burden. Last year in presenting " the Revised estimates for 1923-24 I was able to assure the House " that our sacrifice had not been without reward, but it was still " not possible to say with certainty that the year would end with " an actual surplus of ordinary revenue over ordinary expenditure. " Meanwhile in all the nine Provinces financial difficulties were " beclouding the bright hopes of those who had been responsible " for the initiation of the Reforms. The Provincial Governments, " and particularly the Ministers on whose shoulders the Reforms " have placed the duty of fostering the spread of education and " sanitation among the masses of the Indian people and of assisting " the agricultural and industrial development of the country, found " themselves without the financial resources required even to main- " tain those beneficial services at the level at which they found " them. To-day we are in a happier position, and we can look back " with quiet satisfaction on realised surpluses of substantial " amounts both in 1923-24 and in 1924-25, the latter secured in spite " of the reduction of the salt tax to the figure at which it stood " before the increase made the year before. Better still, for the " year now ahead of us we have not merely the prospect of securing " a realised surplus once again, but we are also taking a real and " substantial step forward towards the eventual extinction of " the Provincial contributions, and are thereby giving new hope to " those who are working the Reformed Constitution of India in the " Provinces and fresh encouragement to devote their energies to the

" task of building up a new India without the exasperating restric-
" tions imposed by financial penury. For this result we must pay
" the tribute of thanks which is so justly due to those who went
" before us. We are now able to appreciate in better perspective
" the value of the achievements of those who carried the burden in
" the dark and difficult years immediately succeeding the War. We
" are reaping to-day some of the fruits of the labours of the first
" Assembly, of Sir Malcolm Hailey, my predecessor in the office of
" Finance Member, and of the members of the Retrenchment Com-
" mittee. I am sure that all of them will feel, on seeing our position
" to-day, that if the realisation of their hopes has been long defer-
" red, their labours have not been in vain. But if by contrast with
" the past our position now seems a brighter one, we cannot be
" blind to the vastness of the work still to be done. Apart from the
" Bengal contribution, there are still $6\frac{3}{4}$ crores of Provincial contri-
" butions between us and the day when the Central Government's
" Budget can be balanced without assistance from Provincial
" sources, and the task of reducing the level of Central taxation
" actively begun. In all countries of the world, the war and its
" aftermath have raised the level of taxation high. Few countries
" have escaped as lightly as India, but the level of taxation here
" is nevertheless much above the pre-war figure. Our disposable sur-
" plus in 1925-26 takes us only a step towards our immediate goal.
" The steep hill which we have painfully climbed has but brought
" us within distant view of the higher peaks towards which we
" aspire. We have grounds to-day for sober satisfaction; we have
" none for premature elation or for any slackening in our
" endeavour."

Exchange.

Among the most controversial topics dealt with by the Finance Member in the course of his budget speech was Exchange. Sir Basil Blackett devoted a considerable amount of attention to exploding what he termed the old fallacy, that a high exchange benefits the importer of goods from abroad and that a low exchange benefits the primary producer and the exporter. He referred to the suspicion that the policy of the Government of India in regard to exchange is constantly dictated by consideration of interests other than those of the country. Admitting that in a period of rapidly rising exchange there might be some temporary tendency for exports to be checked and imports

stimulated, he argued that the effect of a rise in rupee exchange has been in the main to keep rupee prices from rising in sympathy with world prices. Comparing the prices of Indian exported produce in August, 1923, and October, 1924, he deduced that the rise of approximately 12½ per cent. in exchange which had been taking place during that period was reflected; not in a reduction of the rupee prices obtained by the exporter, but in an increase of the sterling prices paid by the importer, who had been forced by India to pay an enhanced price in rupees by the rise in the sterling value of the rupee. In terms of gold, he said, India had been getting very much better value for her exports than if exchange had been low; while in internal trade, the alleged benefits of a low exchange were far from apparent, since if the producer got more rupees for his produce, the Indian consumer must pay more rupees for his purchases. He went on to urge that neither the producer nor the consumer had anything to gain by legislative intervention, on the lines of certain proposals previously introduced into the Assembly, to reduce the rate of exchange from its present level of 1*s.* 6*d.* sterling to 1*s.* 4*d.* gold. Further, at the higher rate of exchange, the amount of rupees required from the Indian tax-payer to meet external payments was smaller than when the rate was low; and this fact, combined with the consideration that owing to the exchange policy of Government, the level of prices in India had not risen in such a way as to increase the rupee expenditure of the administration, had enabled Government to present a budget offering the alternative of a reduction of the salt tax or the reduction of the Provincial contributions. The arguments of the Finance Member did not pass uncontested. While he received a considerable amount of support from certain members of the Assembly both European and Indian, Sir Purshottamdas Thakurdas, the author of the proposal for reducing the rate of exchange by legislative provision, emphatically challenged both his reasoning and his conclusions. Sir Purshottamdas maintained that the exchange policy of Government was contrary to the true interests of India. With a large balance of trade in her favour, he said, the country was suffering from high money rates, from trade depression, and from many other attendant evils. He argued that the profits of exchange came from the pockets of the Indian agriculturist, who

Official view.

These views challenged.

received less money in rupees for his exports of raw produce. Even granting that the loss on exports was counterbalanced by the gain on imports, he urged, the agriculturists of India would receive some 12½ per cent. more in rupees for their produce with the exchange of 1*s.* 4*d.* than with the exchange of 1*s.* 6*d.* He further argued that as against a loss of roughly 12½ per cent. on total exports, the agriculturists would, in point of fact, gain only about 3 per cent. on imports. He proceeded to urge that a high exchange was a direct encouragement to larger purchases abroad by the Government and the people of India; that it increased immediately the reward on investments in India by foreigners as expressed in sterling; and that it prevented the Indian cultivator from the gain to which he was entitled by the rise in world prices for the commodities which he produced.

The Budget and the Assembly.

The manner in which the Assembly received the budget in 1925 differed profoundly from the attitude displayed in 1924. The European elected members, as on the previous occasion, gave the proposals of the Finance Member their general support, while reserving the right to criticise them in certain details. The general discussion took place on March 3rd and 4th; and it soon became plain that while the Swaraj Party had not changed their point of view in any essentials, they no longer commanded the support of the Independents for a policy of wholesale rejection. Certain of their speakers raised the general political issue, alleging the absence of any element of responsibility in the administration of the country, and attacking the whole policy of Government. Other members of the Swaraj Party, however, confined their remarks to criticising definite items of Government's financial policy, particularly the handling of exchange, the level of taxation, and the maintenance of the cotton excise duty. This last point was also taken up by several Independent speakers, of whom Sir Purshottamdas Thakurdas voiced Bombay opinion with the greatest force and clarity. The Independent members as a whole quickly revealed their readiness to treat the budget upon its merits. In general, they expressed gratification at the proposed remission of Provincial contributions; although the representatives of Provinces which did not stand to benefit under the concessions announced by the Finance Member, expressed keen disappointment. Several

speakers pressed the necessity for the immediate reduction of taxation which, they said constituted an intolerable burden upon the people of India. The Finance Member's plan of debt redemption, which will be explained in some detail in a subsequent paragraph, aroused a certain amount of criticism on the score that the provision made under this head was so high as to constitute a luxury which the country could ill afford. Military estimates also came in for their fair share of criticism; although it is to be noticed that the attitude of the Assembly was far less severe than in many previous years. In the Council of State the scheme for debt redemption was generally supported; Sir Maneckji Dadabhoy in particular, who had himself pressed upon the notice of Government the importance of this matter, characterising the Assembly's opposition to the scheme as ill-conceived. Demands were put forward in several quarters for the lowering of taxation, particularly of the super-tax, which was stated to be exercising an adverse effect upon the development of industry. But, as in the Assembly, the question of cotton excise aroused considerable feeling; and Government were warmly criticised for taking no steps to remove what was stated to be a standing blot on their financial policy.

In the Council of State.

When the Assembly came to consider the second stage of the budget, criticism directed itself particularly against certain main heads. Complaints were voiced regarding the working of the Income-tax Department; but Government successfully resisted the attempts to make large cuts in the demand for working expenses. But a formal cut of Rs. 100, proposed by Mr. K. C. Neogy on the score that the two industrial Provinces of Bombay and Bengal got practically no share of Income-Tax revenue owing to defects of the Meston settlement, was accepted by the House against Government opposition. The House also carried a cut of Rs. 100 under the heading of salt, on the score that Government was displaying insufficient regard for the encouragement of local manufacture. On the vexed question of cotton excise, a full-dress debate arose which lasted almost two whole days. A motion was put forward by Mr. Kasturbhai Lalbhai to delete from the demand, under the head of Customs, the whole provision for the collecting establishment which levies the cotton excise duty.

Demands for grants.

Income-Tax.

Cotton excise.

Indian non-official members displayed considerable unanimity in pressing upon Government the necessity for implementing their pledge that the obnoxious duty should be removed on the earliest possible occasion. The Treasury Benches argued that the Government of India could not consider themselves to possess a surplus—the condition which they had postulated as that which would enable them to abolish the cotton excise duty—until the Provincial contributions had been entirely extinguished. They also stated that the only effect of the abolition of the duty would be to put money into the pockets of the mill-owners, and to place a corresponding burden upon the community in general if the deficit thus arising should be made up by other sources of taxation. On the other hand, the representatives of Bombay urged that in the present depressed condition of the cotton industry, faced as it was by high prices of cotton, by low prices of cloth and by keen competition from Japan, the Excise duty constituted a burden crippling in its character. The European elected members opposed the motion of Mr. Kasturbhai Lalbhai and generally supported the view taken by Government. In an endeavour to arrive at a settlement, the House agreed to an adjournment of the discussion until March 12th. The Swaraj Party opposed such a step; but were defeated by a combination between the officials, the elected European members, and the Independents. When the discussion was resumed, the Finance Member announced that the Government, after giving most careful consideration to the various suggestions put forward on the other side of the House, had decided that they had only Rs. 18 lakhs of recurring surplus. To reduce the excise duty by one-half per cent. would cost them Rs. 30 lakhs. This sum would not be available towards further reduction of Provincial contributions and was of itself too small to do any good to the cotton industry. He further informed the House that after consultation with the India Office he could give the assurance that there would be no obstacle whatever from any quarter in England to the abolition of the duty, if and when Government could afford to take such a step. The non-official Indian Members exhibited considerable disappointment. Sir Purshottamdas Thakurdas strongly protested at the attitude of Government, and was supported by other speakers. Eventually, Mr. Kasturbhai Lalbhai's motion was carried by 70 votes against 42. At a subsequent time, however,

Official and non-official views.

the demand thus ommitted was restored by the Governor-General in Council.

Two other items of Government's financial policy came in for considerable attack at later stages of the discussion of demands for grants. One of these dealt with Opium. Dr. S. K. Datta and several other speakers attacked the administration for the conservative policy which they were adopting in respect of limitation of consumption. The Finance Member explained in some detail the view of the Government of India—which is set out below in another Chapter—and proved by figures that consumption during the period 1910-11 to 1922-23 had decreased by about 50 per cent. He announced his readiness to appoint a Committee on Opium Consumption to review the conclusions of the 1893 Commission, provided that Local Governments agreed there was *primâ facie* case for enquiry. Nevertheless, a censure motion for a nominal cut of Rs. 100 was carried by 62 votes against 50. The second item upon which criticism fastened was the policy of debt redemption. The proposals under this head were generally supported by the European members, but Government was attacked from other quarters of the House for making excessive provision. However, after the policy had been fully explained by the Finance Member, Mr. V. J. Patel's motion for reducing the allotted sum was defeated by Government and the European non-officials with the help of several Independent votes. In reply to this, an Independent motion for a similar reduction was not supported by the Swarajists; and its protagonists were severely defeated by the official *bloc* and the European elected members. Ultimately, the budget demand was carried by 54 votes to 39 and Sir Basil Blackett's scheme was saved.

Opium.

Debt redemption.

Up to this stage in the passage of the budget through the Assembly, the discussion had followed the ordinary lines of financial criticism. It had been agreed, however, that the presentation by Government of the demand for the travelling allowance of the Executive Council—the only votable item under this head—should be made the occasion for raising a political review of the entire administration. We shall have occasion to describe in somewhat greater detail the features of this discussion in Chapter V. It is sufficient here to notice that

A Political Debate.

Government were indicted for their failure to undertake constitutional reforms; for the unsatisfactory character of the majority Report of the Muddiman Committee; for their tardiness in Indianising the army; and for their attitude in regard to the Bengal Ordinance and to the Kohat disturbances. Eventually, Pandit Motilal Nehru's motion to omit the demand, as a formal vote of censure upon the Government was carried by 65 votes to 48. On this occasion, the Independents voted with the Swarajists, but subsequent attempts to secure the rejection of the Governor General's Household allowance and the demand for the Army Department, were defeated; since the Independents did not make common cause with the Swarajists on these heads.

The Finance Bill.

The final stage of the budget is the consideration of the Finance Bill. This was taken up on March 16th. The Swarajists again seized the opportunity to raise a political discussion; and Mr. Patel, on their behalf, opposed the consideration of the Bill. The Independents, while expressing their dissatisfaction with the general policy of Government, refused to weaken the constitutional protest they had already made by repeating it unnecessarily. Sir Purshottamdas Thakurdas on this occasion attacked the Exchange policy of the Finance Member; but his views did not pass uncontested on the non-official side of the House. Eventually, the motion for consideration of the Finance Bill was carried, despite Swarajist opposition, by 76 votes to 40. On the next day, the Finance Member made an important announcement. He stated that Government had decided to devote Rs. 50 lakhs out of their estimated surplus of Rs. 74 lakhs to making non-recurring grants to four Provinces for one year only, without prejudice to the future disposition of the surplus. Under this scheme, he announced, Bombay would receive Rs. 22 lakhs, Burma Rs. 13 lakhs, the Central Provinces Rs. 9 lakhs and Assam Rs. 6 lakhs. The proposed relief in no way exceeded certain items of non-recurring expenditure in the budget of these four Provinces, to which it could, therefore, be devoted without impairing the general scheme of the Meston settlement. Considerable satisfaction was expressed by the representatives of these Provinces at this announcement. But the budget was not yet safe in harbour. On the Finance Bill, motions were made for the reduction of the salt tax to 8 annas and to 12 annas. Both these were defeated by Government with the help of the

Further relief to the Provinces.

European elected members and of some Independent votes. There then followed a discussion of Mr. Rama Iyangar's motion for reducing the salt tax to Re. 1. The Finance Member urged that, having voted the supply, it was incumbent upon the House to vote the ways and means: that if they did not agree with the taxes proposed by the Government, it was their duty to suggest a substitute there and then or leave the matter till next year. The motion was strongly opposed by Sir Purshottamdas Thakurdas and certain others. But as the Independents had not made it a party question, the Swarajists obtained sufficient support to defeat Government by 61 votes to 56.

Salt Tax lowered.

The consequences of the Assembly's acceptance of this motion were, from the point of view of the Finance Department, very serious; and Sir Basil Blackett announced that he was unable to move his projected resolution inviting the concurrence of the Assembly to the remission of certain of the Provincial contributions. Motions to oppose the suggested reduction in the petrol duty and to reduce postal rates were defeated by Government with the help of some Independent members. The upshot of the whole discussion was that on March 18th, by 75 votes to 40, the Legislative Assembly passed the Finance Bill, the only change being in the salt duty, which had been reduced from Rs. 1-4 to Re. 1 per maund of $82\frac{2}{7}$ lbs. The Swaraj Party opposed at every stage, but were again defeated. The Finance Bill, as passed by the Legislative Assembly, was placed on the table of the Council of State. Government announced that they would move an amendment for the restoration of the salt duty to the original figure. On March 20th, the Finance Bill was discussed in the Council of State. Meanwhile, important sections of opinion throughout India had condemned in forcible terms the action of Assembly, pointing out that for the sake of an illusory gain to the individual taxpayer, important and substantial remissions to the Provinces, which would go to the support of nation-building departments, were being jeopardised. Certain Provincial legislatures publicly displayed, by motions of adjournment to consider the matter, how seriously they regarded the action of the Assembly. The Council of State was thus reflecting a very large element of responsible opinion when it accepted the motion of Government to restore the salt tax to the figure of Rs. 1-4 by 35 votes against 4. On March 21st, the Finance Bill came

Results.

again to the Assembly. The position was somewhat delicate. Since the Viceroy had not "recommended" the Bill to the Council of State, the Assembly was perfectly free either to affirm or to contradict its previous decision. If the House elected to fix the salt tax at Re. 1, Government would have been unable to secure its restoration. Fortunately, however, wiser counsels prevailed. The Finance Member definitely warned the House that the effect of a repetition of the previous vote would be a substantial reduction in the proposed remission of Provincial contributions. Accordingly, after a short but somewhat heated debate, the Assembly, by 70 votes against 50, accepted the amendment of the Council of State and restored the salt tax to Rs. 1-4. Sir Basil Blackett then moved his resolution designed to secure the approval of the House for the remission of certain of the Provincial contributions. He stated that while he did not shut the door against using a surplus for the reduction of taxation, the policy of Government was that, other things being equal, the extinction of Provincial contributions should take precedence first, second and last. He accepted a rider to his resolution that the Provincial Governments concerned should devote the remission, both permanent and temporary, mainly to expenditure in the Transferred Departments. A lively debate followed on Sir Chimanlal Setalvad's motion to add another rider recommending immediate revision of the Meston Award. Officials and non-officials from certain Provinces supported the proposal: but the amendment was eventually rejected by 44 votes against 27, a large number of members remaining neutral. The budget of 1925-26 was thus safe; while the Assembly had approved by a majority the Finance Member's scheme for the reduction of Provincial contributions and for the reduction of debt.

The tax restored.

Provincial contributions.

Mention was made in last year's Statement of the programme suggested by the Finance Member for systematising the provision for the reduction or avoidance of debt. The method he outlined in February, 1924, was adopted substantially by the Government of India in a Resolution dated the 9th December of the same year. It was proposed that for a period of five years in the first instance, the annual provision for reduction or avoidance of debt to be charged against revenues should be fixed at Rs. 4 crores *plus* $\frac{1}{80}$th of the excess of the debt outstanding at the end of each year over that outstanding on

India's Debt.

31st March, 1923. Under this arrangement, the provision required for 1925-26 was Rs. 4·78 crores, a figure which includes the addition to Government's permanent debt involved in the taking over of £18·5 millions of the debenture stock of the East Indian Railway. As will be seen from the statement on the opposite page, the gross amount of the debt owed by the Government of India to its various creditors exceeds Rs. 1,000 crores. This includes the debt due by the Provincial Governments to the Government of India, amounting to Rs. 106·95 crores on 31st March, 1925. On the same date, the total productive debt amounted to Rs. 725·15 crores, and the unproductive debt Rs. 288·56 crores. During the current financial year, the productive debt increased by Rs. 42·17 crores, a figure almost entirely accounted for by capital expenditure on railway development, and by the assumption of the East Indian Railway debenture stock to which reference has already been made. During 1924-25, the unproductive debt decreased by Rs. 6·68 crores; but the true decrease was larger than is suggested by this figure, since to the extent of Rs. 1½ crores the nominal total of the debt has been increased by the conversion of 7 per cent. Government of India sterling loan into 3 per cent. stock. In view of the gross amount of the debt owed by the Government of India to its various creditors, the Finance Member suggested that the provision for reduction or avoidance of debt under the new scheme could not be regarded as other than modest. For a Government with large commitments and a big programme of new borrowing, the provision of an insufficient sinking fund, so he argued, was most extravagant; for any apparent saving that might be affected in the budget of one year by a reduction of the amount provided, would be more than offset in the next year or two by the additional interest that would have to be paid on new loans including conversions. A systematic provision for the reduction or avoidance of debt would, in his view, assist the Government of India in two directions. It would reduce the amount that would have to be borrowed; and by increasing the confidence of the creditors in the security offered by Government, it would serve to keep down the rate of interest on the new borrowings. The importance of the scheme announced in the Resolution of the 9th December, 1924, did not escape the attention of the Legislative Assembly; and in February, 1925, a resolution was moved by Mr. Jamnadas Mehta recommending the appointment of

Plans for Redemption.

a Committee consisting of four members of the Assembly, with power to co-opt outsiders, to investigate the public indebtedness of the country, and to report as to the steps which should be taken to bring the position more in keeping with the capacity of the tax-payer. This resolution gave rise to a most useful discussion, in which the arguments for and against the Government's scheme of debt redemption were well brought out. Non-official European opinion supported the Finance Member's arguments for a definite scheme of debt redemption. Non-official Indian opinion was epitomised in the statement of Sir Purshottamdas Thakurdas that in view of the heavy burden to which the Indian tax-payer has of late been exposed, his side of the House was not yet convinced, first that the best interests of India would suffer if the suggested provisions were not made; and, secondly, that assuming some provision was essential, that the amount suggested was necessarily correct. The upshot of this discussion was a general agreement between the Government and the Opposition to allow the resolution to stand over till September next; while before the end of the session, the Finance Member agreed to meet informally a number of Members of the House, to supply them with all the facts and figures at his disposal, and to explain to them the reasons which led the Government of India to adopt the course already outlined.

View of the Assembly.

Among the most obvious necessities for the increased development of India's resources is the extension of the banking facilities with which the country is at present so meagrely equipped. Of late there have been steady improvements in the desired direction, but the progress is still slow. In the pre-war year there were 12 Exchange Banks doing business in India. By 1922, the number had risen to 18. Before the war, the aggregate capital and reserves amounted to £38 millions; while in 1922, the figure stood at £112 millions. Indian joint stock banks with a paid up capital and reserve of Rs. 5 lakhs and over have increased from 18 in 1913 to 27 in 1921; while smaller banks with a paid up capital and reserves increased from 23 in 1913 to 41 at the present time. A very important step in the development of Indian Banking facilities was taken in January, 1921, when the three Presidency Banks of Madras, Bombay, and Bengal were amalgamated into the Imperial Bank of India. The general superintendence of the affairs and business of the Bank

Banking in India.

Imperial Bank of India.

is vested in a Central Board of Governors; while local affairs are controlled by local boards at Madras, Bombay and Calcutta. The Presidents, Vice-Presidents and Secretaries of these local Boards are on the Central Board, upon which the Governor General in Council is empowered to nominate two non-officials. The Board is completed by two Managing Governors, the Controller of Currency, and such other officer of Government as may be nominated by the Governor General. The Bank conducts the general banking business of Government, holding Treasury balances wherever it has branches. It has further undertaken to open one hundred new branches within five years, the location of one in every four being at the absolute discretion of Government. Of these, 78 new branches have been opened up to the 31st December, 1924. Certain powers are vested in the Governor General to issue instructions to the Bank in respect of any matter which, in his opinion, is likely to affect Government's financial policy or the safety of their balances. Perhaps the greatest innovation in this scheme is the constitution of a London Office. From January, 1924, this office has been entrusted with the management of the Government of India rupee debt in London, which up to that time had been managed by the Bank of England. A further exemplification of this tendency on the part of India to manage the details of her financial system is provided by the enquiries made in 1923 by Colonel Willis and Mr. Ascoli into the possibility of security printing in India, as a result of which plans are now in hand for the printing of stamps in India instead of purchasing them in England. It is also expected that it will be possible in the not very distant future to print Currency notes and Government Promissory notes in India.

India and Investment.

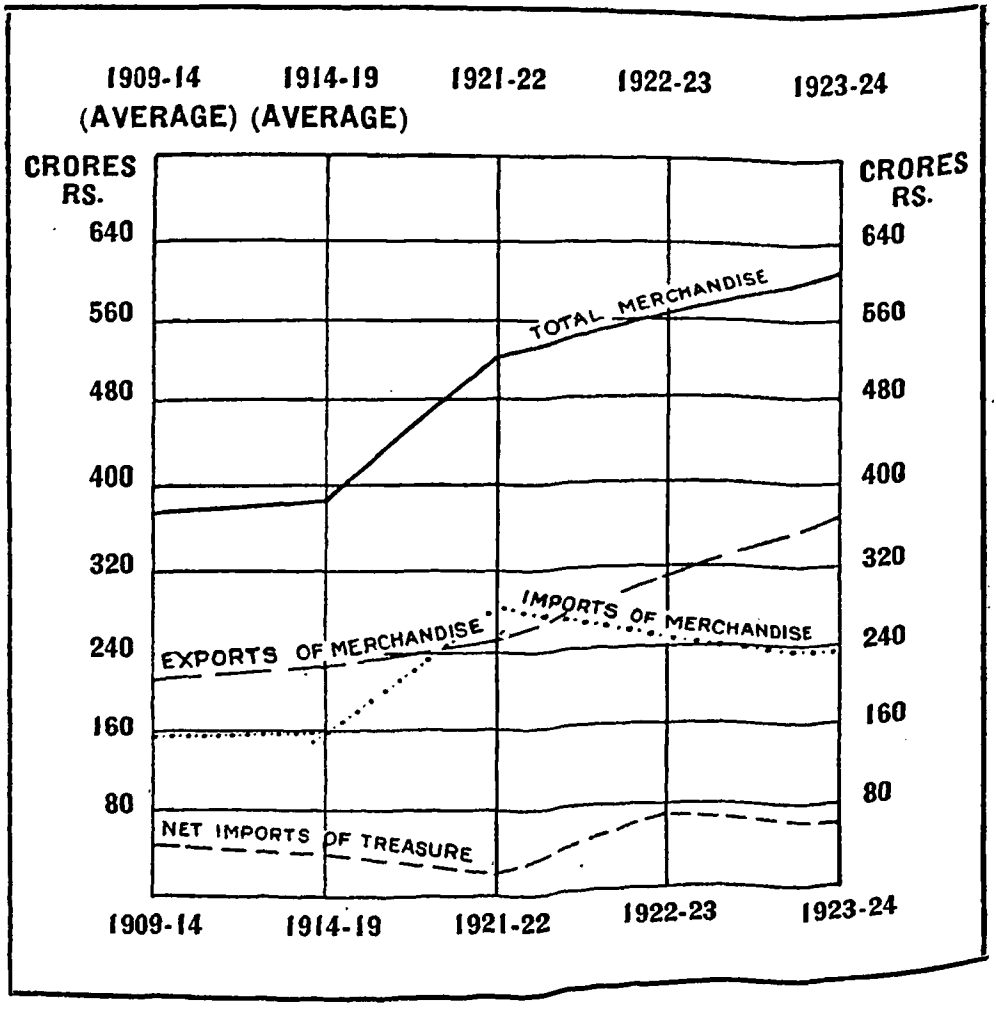
That the number of banks at present existing in India is inadequate for her needs, is clear from the fact that there are at present only some hundred head offices with between 300 or 400 branch banks throughout the whole country. In some 20 per cent. of the towns possessing a population of more than 50,000 inhabitants, there are no banks at all; while in the case of towns with a population of 10,000 and over, the proportion without banking facilities rises to 75 per cent. Indeed, the habit of investment is comparatively undeveloped in India, its place being taken by hoarding and by the conversion of bullion into jewellery. An immense amount of capital is thus locked up

DIAGRAM No. 5.

The Foreign Sea-Borne Trade of British India.

During the last three years as compared with averages of the pre-war and war periods.

(Private and Government.)



which, if released, would probably lead to the commencement of an era of unprecedented prosperity. The encouragement of the investment-habit is, therefore, very important. The Administration is fully alive to the necessity of increasing the existing banking facilities; and, as we have already noticed, the Imperial Bank has arranged to open a hundred new branches within five years from its commencement. A particularly hopeful line of progress is represented by the growing popularity of Post Office Cash Certificates. These certificates were originally issued in 1917 for the benefit of small investors; and during the period ending March, 1919, a total of Rs. 8 crores net was realised. But this success, which was largely due to strenuous propaganda, was in the first instance only temporary; and for some time afterwards, repayments considerably exceeded new purchases every year. By the end of March, 1923, the total outstandings had been reduced to Rs. 3 crores. But in 1923-24 a new development took place. As from the 2nd April, 1923, the terms on which the certificates were issued were improved, in such fashion as to offer a net yield of 6 per cent. interest to those who hold them till maturity. Additional efforts were made to popularise this form of investment, with the result that during the year ending the 31st March 1924, a total of Rs. 5·3 crores net (after allowing for repayment) was realised. During the year 1924-25, this improvement continued in a satisfactory fashion; and the continued issue of Cash Certificates has been estimated to give the satisfactory net receipt of Rs. 4·60 crores. Should this system continue to develop, it could doubtless provide for the financing of a considerable portion of the capital expenditure of Government; while the stimulus both to thrift and industry resulting therefrom might well change the whole economic position of India in the course of a few decades.

Post Office Cash Certificates.

We have already briefly outlined the general economic characteristics of the year 1924-25. It is now necessary to summarise the course of Indian trade, and to indicate the general conclusions which emerge therefrom, during the same period. For the year ending March 1924, the task is simplified by the detailed analysis known as the Review of Trade, which, moreover, supplies an admirable guide to conditions obtaining at the beginning of our period. But for the remaining months with which this Statement is concerned, we have to content our-

India's Trade.

selves with outlining general tendencies, since complete statistics are not available. We may notice in the first instance that the year 1923-24 was characterised by a distinct, if slow, advance towards India's commercial recovery. The improvement in trade, remarked in last year's Statement, was maintained; and there was steady progress towards more stable economic conditions. Despite all the disadvantages of widespread trade depression, India's exports expanded during 1923-24 to Rs. 349 crores; a figure which may be compared with Rs. 219·5 crores constituting the pre-war average. But while another good monsoon gave India her third successive year of excellent crops, her trade continued to be hampered by two factors beyond her immediate control. The first was the unsettled political situation still obtaining in many parts of the world; the second, the high prices of her imports as compared with the prices commanded by the majority of her exports. It is to be noticed that agricultural countries are everywhere labouring under similar disadvantages. Throughout 1923-24 India paid for her imports 90 per cent. in excess of what they would have cost in 1913-14; while she received for her exports an enhancement of only 45 per cent. In consequence, the increased purchasing power resulting from expanded exports has produced a less than proportionate effect in the way of stimulating imports. A striking example of this tendency is to be found in the case of Manchester piece-goods. The Indian cultivator, who is receiving for his agricultural products only some 30 to 40 per cent. above the price which they commanded before the war, finds himself obliged to pay an enhancement of about 170 per cent. for his piece-goods. Consequently, throughout 1923-24 there was a marked inclination to refrain from purchasing imports in the hope that their prices would fall, and to realise a favourable balance of trade in the form of bullion.

Characteristics of 1923-24.

During 1923-24 the most striking characteristic of Indian trade as a whole was an increase of Rs. 50 crores in the value of exports over those of the previous year. This was accompanied by a slight decrease amounting to Rs. 5 crores in imports. On the import side, cotton piece-goods declined by 107 million yards in quantity to Rs. 57 crores in value. This was principally due to a decrease of Rs. 7 crores in grey goods, which was only partly off-set by an increase of Rs. 5 crores in coloured goods. The quantity of sugar including molasses and con-

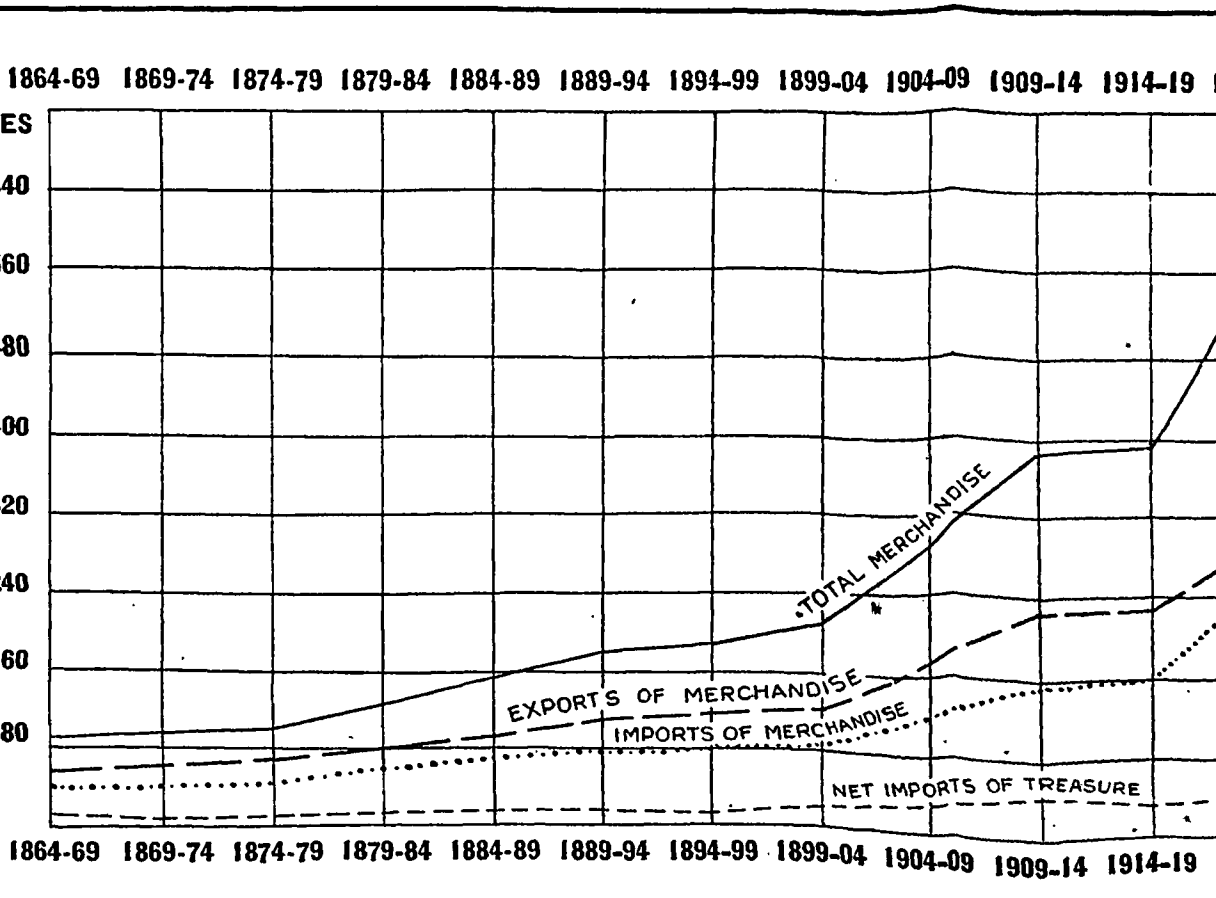
Imports.

DIAGRAM No. 6.

he Foreign Sea-Borne Trade of British India during the last 60 years (1864-69 to 1

Quinquennial averages.

(Private and Government.)



Note.—Imports and Exports include both private and Government transactions. (See Footnotes.)

.—1. In chart 1 (b) the curves are based on averages of 5 years.
2. Total merchandise includes Imports and Exports, both private and Government.
3. Imports of merchandise are inclusive of Government Stores.
4. Exports of merchandise are inclusive of re-exports and Government stores.
5. Net imports of treasure are the imports *minus* the exports of gold and silver, both private and Government, and notes from 1922-23. The exports of treasure are ordinarily very much less than the imports.

fectionery, declined from 0·5 million tons to 0·48 million tons during the year under review, but the value remained almost stationary. Machinery and mill-work decreased in value by Rs. 4 crores to Rs. 19 crores; while railway plant and rolling-stock improved slightly by Rs. 0·75 crores to Rs. 11·75 crores. Iron and steel showed a small increase in quantity, with fall of 2 per cent. in value, to nearly Rs. 18 crores. Imports of hardware decreased by Rs. 0·5 crores, while motor cars improved by Rs. 0·67 crores to Rs. 2 crores. Coal showed a further decline of Rs. 1·25 crores; but mineral oil increased by something over Rs. 1·3 crores to Rs. 8·3 crores. On the export side, the total value of raw cotton and cotton manufactures increased by Rs. 25·5 crores to Rs. 110·5 crores. Raw jute increased in quantity by 14 per cent. to 0·66 million tons, but decreased in value by 11 per cent. The total value of raw jute and jute manufactures exported fell slightly from Rs. 63 crores to Rs. 62¼ crores. Shipments of rice increased in quantity from 0·08 million tons to 2·2 million tons, while their value showed a small decrease to Rs. 34·9 crores. Exports of wheat increased largely, amounting to 0·638 million tons, valued at Rs. 9 crores; the tea trade showed marked improvement; and the value of oilseeds has again increased.

Exports: General Survey.

An analysis in somewhat greater detail of the features of the import and export trade of India during 1923-24 presents a study of considerable interest. Taking first the import trade, we may notice that cotton manufactures still retained their predominance over all other articles. But despite a prolonged period of agricultural prosperity, the factor which we have already noticed operated to check the demand for their import. Moreover prevailing high prices, due to the price commanded by raw cotton, actually caused a slight decline in the value from the preceding year. As compared with the figure of Rs. 70 crores in 1922-23, imported cotton manufactures were valued at Rs. 67·5 crores in 1923-24. Even so, their value represented just under 30 per cent. of the total import trade of the country. In the imports of cotton, twist and yarn, there was a noticeable decrease of 25 per cent. in quantity and 14 per cent. in value to Rs. 7·94 crores. Imports from the United Kingdom fell from Rs. 5·69 crores to Rs. 4·61 crores; and from Japan there was a decline of Rs. 0·35 crores from last year's figure of Rs. 3·2 crores. The high cost of cotton hampered

Survey of Imports.

1. Cotton Manufactures.

the British yarn trade, while Japanese activities were temporarily suspended by the earthquake of September.

Piece-goods.

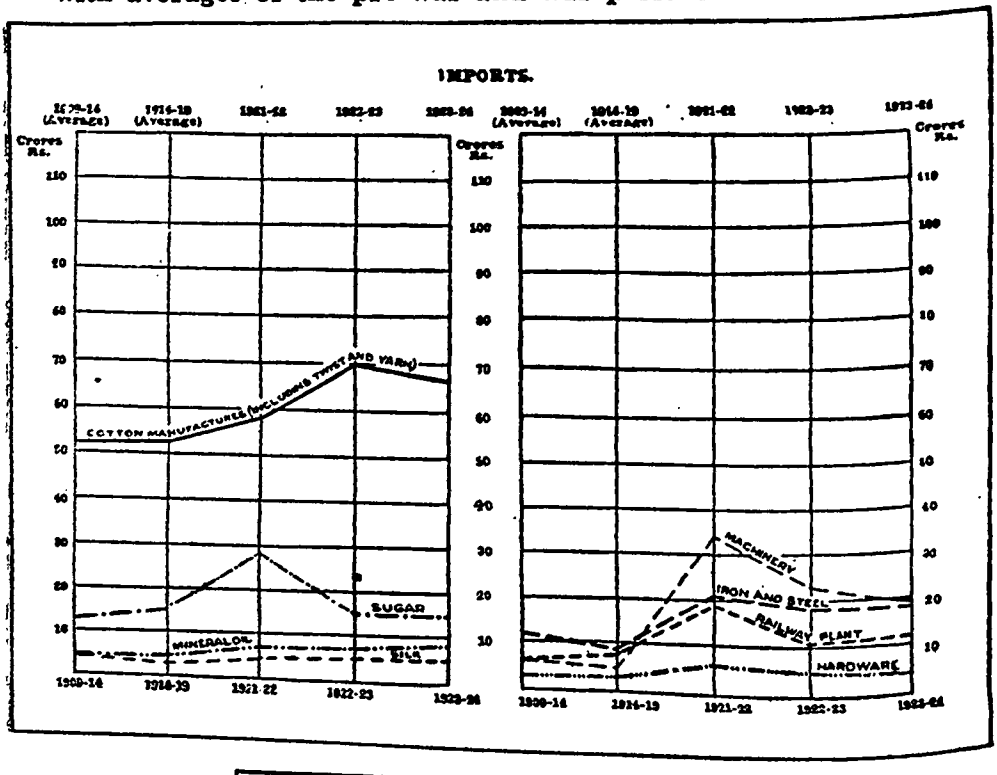
1923. Turning now to cotton piece-goods, we notice that the total quantity imported decreased by nearly 7 per cent. to 1,486 million yards and in value by 2·8 per cent. to Rs. 57 crores. The decrease was entirely in grey goods which shrank by 227 million yards or 24 per cent. to 704 million yards. The value declined from Rs. 30·5 crores to Rs. 23 crores. On the other hand, white goods increased from 402 million yards valued at Rs. 15 crores to 415 million yards valued at Rs. 15·5 crores. Coloured goods showed a considerable expansion, the quantity rising from 244 million yards valued at Rs. 12·5 crores to 347 million yards valued at Rs. 17·5 crores. Here an interesting point emerges. The decrease in the imports of grey goods was accompanied by a small decrease in the grey goods produced in India. Since there was a considerable increase in the Indian production of coloured goods, the figures indicate a swinging back of popular preference to white and coloured goods. The United Kingdom still engrosses the largest share of the trade. Of grey goods 85·2 per cent., of white goods 97 per cent., and of coloured goods 87·4 per cent., came from this country in 1923-24. Next in importance as a source of piece-goods is Japan; which during the period under review increased her share in the grey goods trade from 9·6 per cent. to 13·7 per cent. Her share of white goods remained steady at 0·6 per cent.; while her proportion of coloured goods increased from 6·3 per cent. to 6·7 per cent. Hence, during 1923-24, Japan improved her position slightly at the expense of the United Kingdom. Of the total quantities of piece-goods imported, the share of the United Kingdom declined from 91·2 per cent. in 1922-23 to 88·8 per cent. in 1923-24; while that of Japan rose from 6·8 per cent. to 8·2 per cent. in the course of the same period.

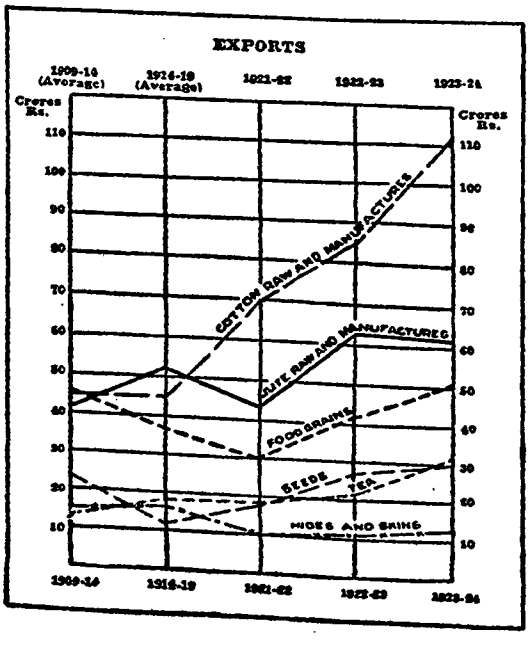
Second, but following cotton manufactures at a long distance, came machinery and mill-work. During 1923-24 the total imports of machinery of all kinds, including belting for machinery and printing presses, amounted to Rs. 20 crores, which is Rs. 4 crores less than the figure for 1922-23. The value of textile machinery imported showed a considerable decrease, which is no doubt partly to be ascribed to extensive importations during the previous two years. Electrical machinery also showed a decline, while prime-movers rose

2. Machinery and Mill Work.

DIAGRAM No. 7.

Variations in the values of principal articles in the Import and Export Trade of British India during the last three years as compared with averages of the pre-war and war periods.





in value from Rs. 1·9 crores to Rs. 2 crores; mining machinery from Rs. 0·04 crores to Rs. 1·08 crores; oil pressing and refining machinery from Rs. 0·01 crores to Rs. 0·038 crores; and tea machinery from Rs. 0·026 crores to Rs. 0·039 crores. Under the head of machinery and mill-work, the United Kingdom enjoys approximately the same predominance as a source of India's supply as in the case of cotton manufactures. During 1923-24 the share of Great Britain in the total trade was slightly in excess of 84 per cent. In electrical and mining machinery, however, the competition of the United States was felt; and the total share of this country rose from 9·6 per cent. to 10·4 per cent.

3. Iron and Steel.

Third in order of priority among the articles which make up India's import trade comes iron and steel. During the first quarter of 1923, the German steel industry was entirely dislocated; and Continental supplies of iron and steel hardly became an appreciable factor until the last quarter of the year. The United States also considerably curtailed her exports, owing to a strong internal demand for industrial development. Accordingly, the United Kingdom regained in 1923 her position as India's chief source of supply. Even when Continental suppliers were able to underquote British suppliers, certainty and promptitude of delivery gave the latter a distinct advantage. The total quantity of manufactured iron and steel imported (excluding pig and old iron or steel) increased by 2 per cent. to 0·75 million tons; while the value declined from Rs. 18·23 crores to Rs. 17·86 crores. The total imports from the United Kingdom rose by nearly 20 per cent.; and her share in the total trade worked out at 56·7 per cent., which is only 3 per cent. less than that of the pre-war year. The supplies from Continental countries decreased; while the share of the United States, which practically lost the position she gained during the war, amounted to only 2·4 per cent.

4. Sugar.

As in the preceding year, the fourth place in India's import trade during 1923-24 was held by sugar, the total value of this head amounting to Rs. 15·5 crores. Excluding molasses and confectionery, the imports of sugar refined and unrefined decreased in quantity by 7 per cent. to 0·4 million tons, the value standing, however, at Rs. 14·78 crores as against Rs. 14·85 crores in 1922-23. The main source of supply con-

tinued to be Java, from which country came nearly 90 per cent. of the total quantity imported, as compared with 84 per cent. in 1922-23. Mauritius sugar, which in 1922-23 accounted for 7 per cent. of the total Indian imports, shrank during the period now under review to 1,300 tons as compared with 31,400 tons a year ago. The anticipation expressed in last year's Statement that Mauritius sugar was likely to be diverted to the United Kingdom as a result of the preference accorded to it, has been fully realised. As compared with an import of 0·4 million tons of refined and unrefined sugar, the local production of Indian raw sugar amounted during 1923-24 to 3·28 million tons—an increase of nearly one-quarter of a million tons over the figure of 1922-23.

5. Railway Plant and Rolling Stock.

Next in order of importance come railway plant and rolling stock. The value of the quantities imported—Rs. 14 crores—represents an increase of Rs. 0·25 crores over the figures for 1922-23. The number of carriages, wagons, locomotive engines and tenders increased, while there were notable decreases in sleepers and keys of steel and iron, rails, chairs and fishplates. The United Kingdom increased her proportionate share of the total trade from 93 per cent. in 1922-23 to 94·6 per cent. in 1923-24. The share of Australia, which consists mainly of wooden sleepers, rose from 0·6 per cent. to 1·3 per cent. The imports from Belgium decreased from Rs. 0·04 crores to Rs. 0·026 crores; while the United States slightly increased her exports under this head to India from Rs. 0·016 crores to Rs. 0·017 crores.

6. Mineral Oils.

Sixth among commodities imported come mineral oils, comprising mainly kerosene, fuel oils, and lubricants. Very little petrol is imported from abroad, for the bulk of the spirit employed in India comes coast-wise from Burma. In 1923-24, the total quantity of foreign mineral oil increased from 133 million gallons to 169 million gallons; the advance being due almost equally to kerosene and to fuels. The imports of kerosene from abroad amounted to nearly 69 million gallons, as compared with 50 million gallons in 1922-23. This quantity exceeded by 2 million gallons the average annual imports during the pre-war quinquennium. During the period we are now considering the United States supplied 67 per cent. of the total imports, and Dutch-Borneo 15 per cent.; while, for the first time

since the war, more than 8 million gallons of Russian oil came upon the market. The importations of fuel oil, it is interesting to notice, have steadily risen from 34 million gallons in 1919-20 to the record figure of 80·5 million gallons during the period under review. This increase is an index of the growing demands of railways, steamships and industrial plant.

7. Silk.

Next in order of value among commodities imported comes raw and manufactured silk; but in the year 1923-24 there was a fall of 25 per cent. both in the quantity and the value of raw silk imported. The quantity entering India amounted to 1·37 million lbs. valued at Rs. 1·2 crores, as compared with 1·83 million lbs. and Rs. 1·6 crores in 1922-23. Silk piece-goods, moreover, decreased in quantity by nearly 2 per cent. to 14 million yards, with 1 per cent. increase in value to Rs. 2·3 crores. As in the preceding years, more than 90 per cent. of the total imports came from the Far East.

8. Hardware.

The comprehensive head of hardware ranked eighth in the scale of imports. The total value decreased from Rs. 5·15 crores in 1922-23 to Rs. 4·42 crores in 1923-24, particularly noticeable reductions occurring in implements, tools and builder's hardware; while metal lamps, enamelled ironware, safes, and stoves increased. The share of the United Kingdom in the total trade fell from 50 to 47 per cent.; that of Germany from 22 per cent. to 21 per cent. The United States increased her proportion from 15 to 16 per cent., while Japan's share remained almost stationary.

Motor Cars.

Notwithstanding the import duty of 30 per cent., there was a remarkable increase in the imports of motor cars, which in the year under review numbered more than 7,900 as compared with just over 4,300 in 1922-23. The total recorded value also increased by 48 per cent. to Rs. 2·05 crores. The expansion was due partly to increased imports of small light cars, but more particularly to drastic price cuttings. Of the total, 41 per cent. came from Canada, 36 per cent. from the United States, and 13 per cent. from the United Kingdom. Bengal had 36 per cent. of the trade, Bombay 29 per cent., Madras 14 per cent., and Burma 13 per cent. The number of British cars imported rose from 449 to more than 1,000; Canadian imports increased from 1,800 to 3,200, and American shipments from nearly 1,400 to nearly 2,900.

Among miscellaneous headings we may notice a small increase from Rs. 3·15 crores to Rs. 3·26 crores in instruments and apparatus, which was mainly due to the increase in value of electrical instruments imported. Liquors showed a decline from Rs. 3·42 crores to Rs. 3·15 crores, the falling-off being due particularly to cheaper Continental beer and spirits. The total quantity imported increased from 4·6 million gallons to 4·7 million gallons. Ale and beer, brandy, gin, liqueurs and wines showed increases; and German light beers are now once more ousting Japanese beers from the Indian market. The imports of paper and pasteboard increased in quantity by 15 per cent. from 60 thousand tons to 69 thousand tons; but owing particularly to the lower prices of German paper, there was a decline of 3 per cent. from Rs. 2·79 crores to Rs. 2·71 crores in value.

Miscellaneous.

Turning now to the export trade of India we may notice that as in the preceding two years, cotton occupies the principal position. The total value of raw and manufactured cotton exported from India in 1923-24 amounted to Rs. 109·4 crores as against Rs. 84 crores in 1922-23. Nevertheless, the period under survey was not very favourable to the industry. It was one of general depression among Lancashire spinners, while the uncertainty of the position was intensified by the character of the American cotton season. Hopes of a large crop were disappointed. The Indian crop of 1923-24, despite an increased area of 6 per cent. realised practically the same quantity as in 1922-23, namely just over 5 million bales. Demands for cotton from Indian Mills were reduced both by serious strikes and by poor markets. But export was brisk, the high prices of American cotton leading to an increased call for the cheaper Indian product. During 1923-24 exports rose to 3·76 million bales as compared with 3·36 million bales in 1922-23. The value rose by 39 per cent. to Rs. 98 crores, representing 28 per cent. of the grand total of all Indian merchandise exported. Japan was, as hitherto, India's best customer, taking 1·72 million bales or 46 per cent. of the total quantity exported. We may notice that Bombay was responsible for 79 per cent. of the total shipments.

Survey of Exports.
1. Cotton.

Raw Cotton.

Yarn.

The production of cotton yarn in Indian mills during the period we are now reviewing was the lowest on record since 1904-05, amounting to only 608 million lbs. as compared with 706 million lbs. in 1922-23. In the early part

of the period, Indian yarns found themselves unable to compete with the cheaper Japanese yarns, and stocks accumulated. The Japanese earthquake led to a brisker demand and a temporary rise of prices; but thereafter, owing to the abnormal rise in the price of raw cotton, business became difficult and trade at the end of the year was in a depressed state. The export figures are also the lowest on record, decreasing in the year under review to 38 million lbs. valued at Rs. 3·66 crores as compared with 57 million lbs. valued at Rs. 5·48 crores in 1922-23. In cotton piece-goods also, the first half of the year was one of depression. There is little direct competition between Manchester and India; but the rivalry of Japan is severe. During 1923-24 the imports from Japan reached the high figure of 123 million yards as compared with 108 million yards in 1922-23 and 90 million yards in 1921-22. The earthquake proved only a temporary set-back, as the Japanese cotton mills had not been working full time. The production of cotton piece-goods in Indian mills declined from 1,725 million yards to 1,700 million yards; the only category showing an increase being coloured goods, with an advance of 50 million yards. Mesopotamia was the largest purchaser of Indian piece-goods with 41 million yards; while Persia took 27 million yards and the Straits Settlements 23 million yards. Ceylon reduced her demand by nearly one million yards to 16 million yards; while the East African ports took 24 million yards as compared with 25 million yards in 1922-23. It should be noticed that of late China, once the chief market for Indian piece-goods, has now ceased to take any considerable quantity. This is due both to a strong development of the local mill industry and also to severe competition from Japan.

Piece-goods.

Second in importance to cotton among the articles which India exports comes the class of jute and jute manufactures. The total weight of raw and manufactured jute shipped during 1923-24 increased from 1·25 million tons to 1·41 million tons; but the value showed a fall of 1 per cent. from Rs. 63 crores to Rs. 62·25 crores. Raw jute, while displaying an increase in quantity of 14 per cent. over the 1922-23 figures, was still below the level of the pre-war year; but it is satisfactory to note that the quantities both of bags and cloth exported were greater than the corresponding figures either of the preceding year or the pre-

2. Jute.

war year. Of raw jute Germany was the largest purchaser, taking nearly 25 per cent. of the total quantity exported. The United Kingdom came next; while shipments to the United States of America slightly decreased. The export of bags increased by 20 per cent. from 344 millions to 414 millions. Australia was the largest purchaser and her takings increased from 63 millions to 79 millions. Chile also increased her demands to 44 millions as compared with 6½ millions in 1922-23 and 4½ millions in 1921-22. Next came the United Kingdom taking 41 millions as compared with 31 millions a year ago. Exports of gunny cloth increased in quantity by 8 per cent., the principal consumer being the United States which took 946 million yards out of a total of 1,349 million yards. The Argentine increased her takings from 126 million yards to 192 million yards; and the United Kingdom from 50 millions yards to 66 million yards.

3. Food Grains.

The third commodity in order of importance is food grains and flour. In 1923-24 the exports under this head amounted to 3·43 million tons valued at nearly 51 crores. This represents an increase of 32 per cent. in quantity and 20 per cent. in value. Of the total exports under this head 64 per cent. was represented by rice and 20 per cent. by wheat and wheat flour. But of the total production of cleaned rice, estimated during the year under review at just over 28 million tons, only 2·2 million tons were exported. India's principal customer was Germany, which regained her pre-war position, taking 0·4 million tons as compared with 0·3 million tons in the preceding year. Ceylon increased her purchases to 0·39 million tons from 0·36 million tons. The exports of wheat showed a considerable rise from 0·2 million tons valued at Rs. 3·4 crores to 0·64 millions tons valued at Rs. 9·1 crores. This quantity was still only about one-half of the exports in 1913-14; but represents merely a small fraction of the total production of wheat in India, estimated during the period under review at 9·75 million tons. The United Kingdom considerably increased her takings and imported 0·49 million tons or 77 per cent. of the total quantity as compared with 0·19 million tons in 1922-23.

4. Tea.

The tea industry experienced an exceptionally favourable year, tea ranking as fourth in order of importance among the commodities sent over-seas from India. The total production was estimated at 375

million lbs. in 1923, as compared with 312 million lbs. in 1922. The outturn showed considerable increases, month by month, on the previous year. The bulk of India's production is exported abroad; but local consumption seems to be steadily increasing. India's share of the total imports of tea to the United Kingdom in 1923 was 58 per cent. as compared with 61 per cent. in 1922. In Canada, India's share was 54 per cent. and in Australia 10 per cent. The total quantities exported in 1923-24 increased by 17 per cent. from 288 million lbs. to 339 million lbs.; while the value rose, on account of high prices, from Rs. 22 crores to more than Rs. 31·5 crores.

5. Oil Seeds.

Oil seeds ranked fifth in value among the commodities exported by India during the year under review. The total value of oil seeds exported from India during the period we are now reviewing amounted to Rs. 29·8 crores as against Rs. 27·35 crores in 1922-23. There were noticeable increases in the exports of linseed and rape seed and decreases in cotton seed, sesamum and copra. Of linseed, the shipments increased by 34 per cent. in quantity and 31 per cent. in value; the total quantity exported being 0·37 million tons valued at Rs. 9·62 crores as compared with 0·27 million tons valued at Rs. 7·35 crores in 1922-23. The United Kingdom and the Continent took larger quantities of Indian linseed; a notable feature being a greatly increased demand from the Netherlands. Of rape seed, exports increased from 0·25 million tons valued at Rs. 5·58 crores to 0·34 million tons valued at Rs. 7·36 crores. The principal buyers were Italy, Germany, and the United Kingdom. The export of groundnuts, amounting to 0·26 million tons valued at Rs. 7·2 crores, showed a slight falling off as compared with the shipments of the previous year. The United Kingdom and the Netherlands increased their demands and each took 6 per cent. of the total shipments; while Italy, Germany and Belgium considerably curtailed their orders.

6. Hides and Skins.

The group of commodities included under the heading "Hides and Skins" raw and tanned, increased in value during the year under review from Rs. 10·86 crores to Rs. 12·94 crores. Exports of raw hides and skins increased by 7 per cent. in quantity and 21 per cent. in value; that is, from 45,700 tons valued at Rs. 5·7 crores in 1922-23 to 48,900 tons valued at Rs. 6·9 crores in 1923-24. The progress appears to

have been facilitated first by a stronger Continental demand, and next by a reduction of the export duty. India's principal customers for raw hides during 1923-24 were Germany and Italy; which countries took Rs. 2·18 crores worth out of the total shipments of Rs. 2·85 crores. The exports of raw skins declined in quantity from 20,800 tons in 1922-23 to 19,300 tons during the year under review; but rose in value from Rs. 3·5 crores to Rs. 4·06 crores. As usual, the United States was the best customer for goat skins, taking over 75 per cent. of the total quantity exported. The trade in tanned hides and skins showed a continuation of last year's revival. The total quantity exported was more than 18,000 tons valued at Rs. 5·90 crores. Among individual tanned hides, cow hides showed the largest increase; rising from 8,530 tons valued at Rs. 1·99 crores to 11,466 tons valued at Rs. 2·77 crores. As in previous years, the United Kingdom was the principal market, taking 93 per cent. of the tanned hides and 65 per cent. of the tanned skins.

7. Lac.

Seventh in value in the list of India's exports during the year under review came lac, in which India has virtually a natural monopoly. The total quantity exported increased from 0·476 million cwts. to 0·486 million cwts. while the value showed a decrease from Rs. 10·27 crores to Rs. 9·06 crores. The United States maintained her position as India's best customer for this commodity; taking 59 per cent. of the total lac of all kinds shipped.

Among other commodities, we may notice that the expanded trade in raw wool characterizing 1922-23 was not maintained in the year under review; and exports fell from 53 million lbs. to 37 million lbs. Demands from the United Kingdom were considerably smaller than in the previous year; and there was an increased consumption by Indian woollen mills. The exports of vegetable oils also decreased in quantity from two million gallons to 1·47 million gallons; but there was a large increase in the exports of animal oils, chiefly fish oil, from the Madras Presidency.

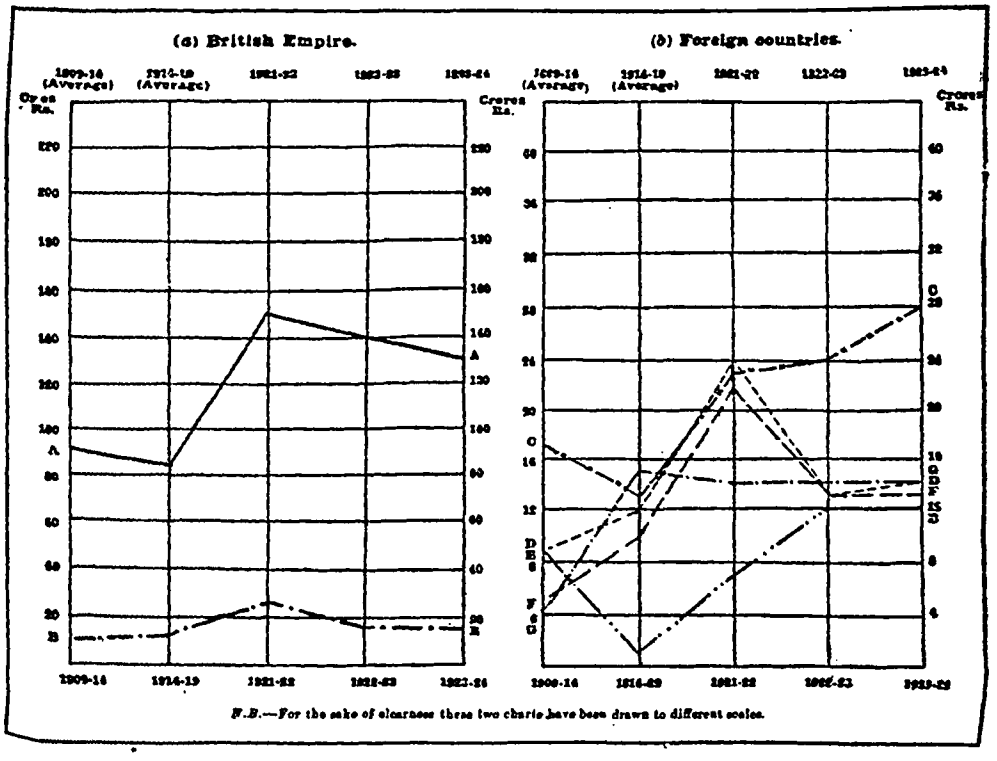
Direction of Trade.

The direction of India's trade in the year ending March 31st, 1924 may be studied summarily in the two diagrams appended to these pages. We may notice that save in the case of the United Kingdom, India's exports normally exceed her imports from all countries with whom she has large dealings. But it is to be seen that the excess

DIAGRAM No. 8.

Variations in the Trade of British India with principal Countries during the last three years, as compared with average of the pre-war and war periods.

IMPORTS.

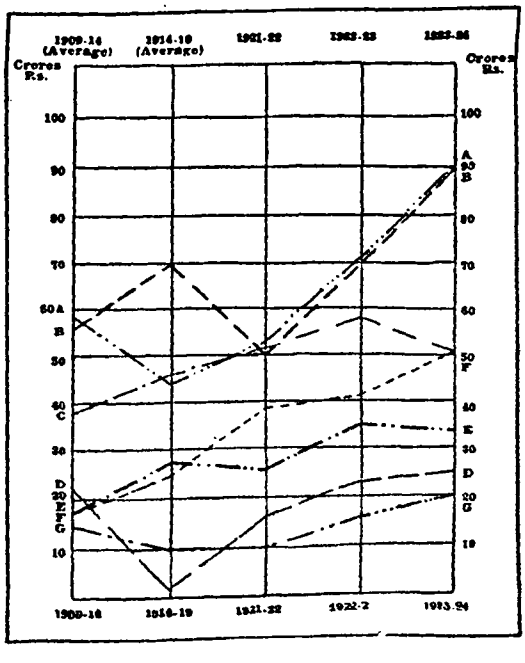


N.B.—*For the sake of clearness these two charts have been drawn to different scales.*

EXPORTS.

REFERENCES OF IMPORTS.

A. United Kingdom.
B. Other Parts of the British Empire.
C. Other Foreign Countries.
D. Java.
E. Germany
F. United States of America
G. Japan.



REFERENCES OF EXPORTS.

A. Other Foreign Countries.
B. United Kingdom.
C. Other Parts of the British Empire.
D. Germany.
E. United States of America.
F. Japan.
G. France.

of imports over exports, so far as the United Kingdom was concerned, declined during the period under review to Rs. 41 crores as compared with Rs. 70 crores and Rs. 102 crores in the two preceding years. The percentage share of the United Kingdom in India's import trade fell from 60·2 per cent. in 1922-23 to 57·8 per cent. in 1923-24; while her share in the export trade increased from 22·4 per cent. to 25 per cent. The British Empire taken together enjoyed 48·8 per cent. of the total trade (64·5 per cent. in imports and 38·9 per cent. in exports) as compared with 52 per cent. in 1922-23. The share of the United States in the import trade stood at the same figure as that of the preceding year, namely, 5·7 per cent.; while her share in the export trade decreased from 11 per cent. to 9·4 per cent. Japan's share in the import trade showed no appreciable modification, but on the export side she increased her percentages from 13 to 14·1.

United Kingdom.

United States: Japan.

We may now briefly review the direction of trade in a few more important commodities. In iron and steel, the United Kingdom improved her position considerably, enjoying more than 67 per cent. of the trade as compared with 58 per cent. in 1922-23. In machinery, her position was stationary at nearly 85 per cent.; while the United States slightly improved her share from 9·6 per cent. to 10·2 per cent. In hardware, Great Britain lost ground by 2·7 per cent. to 46·9 per cent; while the United States (16·4 per cent.) showed a slight increase. In railway plant and rolling stock, the position of the United Kingdom remained unchanged at 94·1 per cent. In cotton manufactures her share decreased from 84·5 per cent. to 82 per cent.; while Japan showed a small increase from 11·7 to 12·4 per cent. The sugar market was dominated by Java which increased her share to 89 per cent.

Certain Commodities. Imports.

On the export side, it appears that the United Kingdom increased her share in the tea trade from 86·8 to 88·4 per cent. In raw jute, Germany came first with 25·6 per cent. as compared with 24·8 per cent. in the previous year; while the takings of the United Kingdom and the United States fell by about 3 per cent. each to 23 and 12 per cent. respectively. In the exports of raw cotton, the share of Japan again

Exports.

decreased in the year under review from 48·6 per cent. to 43·2 per cent.; while Italy improved her position from 6·8 per cent. to 15·2 per cent., and the United Kingdom from 5·9 to 8·7 per cent. In food grains, the United Kingdom considerably improved her position, and during the period now under review was India's best customer, taking 20·5 per cent.

The general tendencies outlined in the last paragraph may be illustrated by an examination of the import and export trade between India and her various principal customers.

Certain Countries. United Kingdom.

Taking first the United Kingdom, we may notice that the value of the imports from this country showed a further decrease in 1923-24 amounting to Rs. 131·5 crores as compared with Rs. 140 crores in the preceding year. On the other hand, the value of the exports from India thereto increased by Rs. 20 crores to Rs. 90 crores. Of the total imports from the United Kingdom, cotton manufactures, including twist and yarn, accounted for 42 per cent. of the value. There was, however, a decrease of 9 per cent. in quantity and 5 per cent. in value in cotton piece-goods, the decline being mostly under grey goods. The value of imports of iron and steel increased from Rs. 10·6 crores to Rs. 12 crores; and of railway plant and rolling-stock from Rs. 10·5 crores to Rs. 11 crores. Coal and coke showed a heavy decrease, the value falling from Rs. 2 crores in 1922-23 to Rs. 0·33 crores in 1923-24. On the export side, the principal articles purchased by the United Kingdom from India were tea (Rs. 28 crores), food grains (Rs. 10·5 crores), seeds (Rs. 9 crores), raw cotton (Rs. 8·5 crores), raw and manufactured jute (Rs. 7·75 crores), raw and tanned hides and skins (Rs. 5 crores).

The trade of India with other British possessions showed a decline. In the export trade, the values fell from Rs. 58 crores to Rs. 50 crores; while the imports declined from Rs. 16 crores to Rs. 15 crores. Trade with Ceylon, the Straits Settlements, Canada, and Australia showed slight increases; while that with Hong Kong, Mauritius, South Africa and Mesopotamia displayed a fall.

British Possessions.

As in the two preceding years, the country ranking second in importance to Great Britain in India's foreign trade was Japan. During 1923-24 the total Japanese trade with India increased from Rs. 55 crores to Rs. 64·75 crores, the rise being mainly due to the increased

Japan.

price of raw cotton. Imports from Japan into India decreased in value from Rs. 14·5 crores to Rs. 13·75 crores; while exports from India to Japan rose from Rs. 40·75 crores to nearly Rs. 51 crores. Some 60 per cent. of the total import trade from Japan was represented by cotton manufactures, including twist and yarn. Cotton piece-goods increased from 108 million yards to 122 million yards; while twist and yarn slightly declined both in quantity and in value. Under exports from India, raw cotton accounted for 84 per cent. of the total value, the quantity rising by 6 per cent. Japan also increased her demands for rice, for pig iron, for raw jute and for gunny bags.

United States.

Third in order of importance in India's foreign trade came the United States; but the total value of commerce with that country decreased by over a crore of rupees to nearly Rs. 47 crores, both imports and exports showing a slight decline. The principal articles imported from the United States were mineral oils (Rs. 4·5 crores), machinery and mill work (Rs. 2 crores), motor vehicles (Rs. 1 crore). The bulk of the exports from India to the United States consisted of raw and manufactured jute (Rs. 19·5 crores), shellac (Rs. 5 crores), raw hides and skins (Rs. 3 crores). Small increases occurred under the headings of castor seed, raw cotton and tea.

Germany.

As in the preceding year, Germany occupied the fourth place in India's foreign trade, with imports amounting to Rs. 12 crores—as in 1922-23—and exports which increased by 11 per cent. to Rs. 25 crores. The principal articles imported from Germany, according to their value, were dyes, iron and steel, hardware, paper and pasteboard. The principal articles which India shipped to Germany were raw cotton, rice, raw jute, oil seeds, and raw hides and skins. We may notice that imports of dyes increased in quantity by 13 per cent. to 11 million lbs. but fell in value from Rs. 1·83 crores to Rs. 1·8 crores. Iron and steel showed a decrease both in quantity and in value. The same generalisation is true both of hardware, machinery, sugar and salt. But cotton manufactures, paper and pasteboard, haberdashery and millinery displayed some increases. Rice increased both in quantity and in value, while raw cotton though decreasing in quantity displayed an enhanced valuation. Exactly the reverse was true of the shipments of raw jute.

Other Countries.

Of the other countries with whom India conducts overseas trade, we may notice that the value of India's commerce with Italy more than doubled in the year under review, rising from Rs. 12·3 crores to Rs. 24·5 crores. This is to be ascribed principally to increased exports of Indian cotton. With Java the total value of India's trade rose from Rs. 16 crores to Rs. 17·75 crores, owing principally to the increased value of shipments of sugar. France, the Netherlands, and South America increased their trade with India; while China and Belgium showed a decline.

Trade by Land.

While the bulk of India's foreign trade is sea-borne, the land frontier trade remains none the less considerable. In 1923-24 it amounted to Rs. 36 crores—no inconsiderable figure, despite the fact that it represented the equivalent of only 6 per cent. of the sea-borne trade. Statistics for the frontier trade are not always easy to collect, and the figures for the year under review are somewhat vitiated by the lack of returns from certain important territories. We may none-the-less note that the trade with Afghanistan, which is the most important on the North-West Frontier, was reported from the incomplete returns available as amounting to Rs. 2·67 crores; imports accounting for Rs. 0·9 crores and exports for Rs. 1·7 crores. The articles principally imported were fruit, vegetables and nuts, raw wool, shawls, leather, oil seeds and tobacco. Among the articles of export may be mentioned cotton manufactures, tea, and sugar, wheat and liqueurs. The total trade with Persia amounted to Rs. 2·08 crores. a figure which shows a slight falling off from that of the previous year. There were smaller receipts of raw cotton and raw wool, of woollen carpets and of pistachio nuts. On the other hand, the value of the exports to Persia, which amount to Rs. 1·5 crores, showed an increase of 19 per cent. over those of the previous year. This expansion was largely due to increased use of the new railway extension to Duzdap. Persia purchased larger quantities of cheap Indian yarn and piece-goods in preference to the higher priced foreign commodities. There was also a brisk demand for Indian black tea. With Nepal, India's trade is always considerable. During the year under review, this country engrossed 26 per cent. of the whole frontier trade to the value of Rs. 8·88 crores. This figure represents an increase of more than one crore of rupees over the previous year. A special feature of the trade during 1923-24 was a considerable

increase in the imports of railway materials, ghi, lac, and raw jute. The exports of cotton yarn and piece-goods to Nepal slightly decreased. The trade with Tibet amounted to Rs. 1·09 crores, of which the most considerable proportion was represented by imports of wool. The export trade showed a satisfactory revival and included larger despatches of cotton goods, food-grains and sugar.

Balance of Trade.

Turning now to the balance of trade, we may notice that throughout 1923-24 exports of private merchandise exceeded imports. In April, 1923, the credit balance was nearly Rs. 10 crores, and it rose gradually to Rs. 12 crores in June. During the next four months, the surplus steadily declined; but from October, there was an upward tendency and during the last quarter of the financial year, the credit balance showed a marked rise. The visible balance of trade as measured by the statistics of private merchandise and treasure, was in favour of India to the extent of over Rs. 96 crores in 1923-24 as compared with Rs. 30 crores in 1922-23 and a debit of Rs. 33 crores in 1921-22. In considering this figure it should be borne in mind that it is not possible to estimate accurately India's " invisible " exports such as shipping services, interest on foreign investments, insurance, commercial services, home remittances and the like.

Calendar year 1924—General.

The survey of Indian trade which has been given in the paragraphs immediately preceding has brought us to the end of March 1924. For the remainder of the year in question, we have to rely upon a more summary consideration. During the 9 months April to December 1924, imports and exports of merchandise alike increased, but the tendency already noticed for imports to lag considerably behind exports continued. The import trade showed, none-the-less, some signs of a distinct revival. The value of the total trade during the calendar year, 1924, in which are included private merchandise and treasure, amounted to Rs. 701 crores, of which merchandise accounted for Rs. 627 crores. These figures represent the highest level touched in the history of India's trade since 1913. As compared with the calendar year, 1923, the grand total of imports, re-exports and exports of merchandise during the twelve months ending December 1924, displayed an increase of 10 per cent. The imports of foreign merchandise amounted to Rs. 244 crores, or 7 per cent. above the 1923 figure of Rs. 227 crores. Exports rose to

Rs. 369 crores; an increase of 13 per cent. over the figure of Rs. 327 crores of the preceding year.

Imports—1924.

An examination of the import trade shows that in each month of the calendar year, 1924, except February, and April, there were increases over the values recorded in the year 1923. The decrease in February was mainly due to smaller imports of sugar, cotton piece-goods, and cotton mill machinery; while reduced imports of kerosene oil, and cotton mill machinery were mainly responsible for the decrease in April. In brief, it may be stated that the principal increase in value of the imports of 1924 as compared with those in 1923 occurred under the headings of cotton, raw and manufactured, sugar and woollen piece-goods. There were considerable decreases in the imports of cotton machinery and railway plant and rolling-stock. The total quantity of cotton piece-goods imported in 1924 showed an increase of 216 million yards to 1,705 million yards, the value rising by 19 per cent. to Rs. 66 crores. We may notice that grey goods, which had been less prominent in 1923-24 than in previous years, regained some of their popularity, the value of this head increasing from Rs. 23 crores to Rs. 28 crores. White goods showed a rise from Rs. 15 crores to Rs. 18·75 crores; while coloured goods increased from Rs. 17 crores to Rs. 19 crores. Imports of cotton twist and yarn rose in quantity by 7 million lbs., and in value from Rs. 7·8 crores to Rs. 9·6 crores. This was due chiefly to larger imports from Japan, which supplied in 1924, 31 million lbs. as compared with 25 million lbs. in the preceding year. Imports of raw cotton showed a noticeable increase, rising from 12,200 tons to 20,800 tons of which no less than 16,500 tons came from Kenya. Imports of iron and steel showed a considerable increase both in quantity and in value; a noticeable rise taking place in the value of galvanized sheets and plates imported from the United Kingdom.

Belgium increased her supplies of steel bars from Rs. 1·6 crores to Rs. 1·8 crores. Due to decrease in cotton mill and jute mill machinery, the value of the imports of machinery and mill work fell from Rs. 20·8 crores to Rs. 14·72 crores. There was also a decrease in the imports of carriages, wagons, locomotive engines and tenders. Sugar showed an increase in quantity from 0·498 million tons to 0·517 million tons, while the value showed a small decline. We may notice that the imports from Java, including the Straits Settlements,

showed a slight decrease; while Mauritius notably increased her supplies from 5,000 tons to 79,000 tons. Imports of kerosene oil increased from 64 million gallons in 1923 to 72 million gallons in 1924, the United States supplying 55 million gallons. Imports of woollen piece-goods increased from Rs. 1·6 crores to Rs. 2·7 crores. The number of motor cars imported showed a considerable rise from 6,655 to 9,348. The United Kingdom roughly doubled the number of automobiles she sent to India, her share rising from 722 cars to 1,456 cars; but Canada and the United States still retained a great priority in this field, supplying respectively 3,959 cars and 3,313 cars.

Exports—1924.

If we examine the figures relating to export trade, we shall notice that during each month of the calendar year, 1924, with the exception of May, June and July, there were increases in the exports of Indian merchandise over the corresponding months of 1923; while for the year as a whole the export figures showed a rise of 13 per cent. over the 1923 figures. The largest increase in any individual month was recorded in March 1924, when exports reached the remarkable figure of Rs. 40·5 crores. In the first three months of the calendar year, 1924, the increased exports were due principally to raw cotton, rice, barley, and tea. The decrease in May was due chiefly to smaller exports of rice, and raw jute, and the decrease in July to reduced quantities of raw cotton. In September there were large increases in raw cotton, raw jute, and barley, and in the last three months of the year in wheat and tea. Broadly speaking, the commodities which showed the most notable increases throughout 1924 were raw cotton, raw jute, barley, rice, tea, gram, gunny bags, gunny cloth, wool, raw and tanned skins. Decreases occurred in lac, linseed, cotton twist and yarn, skins, raw and cotton piece-goods. The shipments of raw cotton in 1924, despite an increase in value to Rs. 95 crores from Rs. 81 crores, showed a decrease in quantity from 0·63 million tons to 0·586 million tons. Japan took 0·267 million tons as compared with 0·292 million tons in 1923. Cotton twist and yarn decreased from 43 million lbs. to 31 million lbs.; while cotton piece-goods declined from 178 million yards valued at Rs. 7 crores to 169 million yards valued at Rs. 6·5 crores. Exports of raw jute increased from 0·593 million tons to 0·677 million tons, the value rising from Rs. 19 crores to Rs. 26 crores. Germany was the largest purchaser, closely followed by the United Kingdom. Gunny bags

and gunny cloth showed a considerable increase both in quantity and in value. Australia took 74·5 million bags, followed by Chile (49·5 millions) and the United Kingdom (45 millions). Both America and the Argentine considerably increased their purchases of gunny cloth. Shipments of rice increased in value from Rs. 32 crores to Rs. 37 crores; and in quantity from 2·04 million tons to 2·29 million tons. The quantity of tea exported in 1924 increased from 325 million lbs. to 344 million lbs. and the value from Rs. 30·5 crores to Rs. 33 crores. The United Kingdom took 304 million lbs. as compared with 283 million lbs. in 1923. Finally, we may notice that the total visible balance of trade at the end of the calendar year, 1924, amounted to Rs. 80 crores as against Rs. 63·8 crores for 1923.

The Tariff.

From this brief review of Indian commerce during the year 1924-25, we are naturally led to the consideration of the connected subject of the tariff. Here, as in other countries, the matter has a political as well as an economic side. For the last quarter of a century, powerful sections of Indian opinion have been demanding the formulation of some scheme of protection to safeguard the nascent industries of the country against the pressure of foreign competition. In the fiscal affairs of India, the reformed Government has ushered in a new era. As a consequence of the changed relations between India and Great Britain, India controls in ever-increasing degree her own fiscal policy. As a matter of convention, the Secretary of State for India now normally refrains from interference in fiscal matters when the Government of India and the Indian Legislature are in agreement. This has already resulted in endeavours to take stock systematically of the fiscal situation. In 1921, a Commission consisting both of officials and of representatives of European and Indian commercial interests, was appointed to examine, with reference to all questions concerned, the tariff policy of Government. The preliminary recommendations formulated in the report roundly urged the adoption of a policy of protection, which was to be applied with discrimination along certain general lines carefully indicated. In the selection of industries for protection, and in the degree of protection to be afforded, the Commission recommended that the inevitable burden on the community should be as light as was compatible with the development of the industries themselves. The report further recom-

The Fiscal Commission.

mended the creation of a permanent Tariff Board to investigate the claims of particular industries to protection, to watch the operation of the tariff, and generally to advise Government and the Legislature in carrying out the policy formulated by the commission. Certain canons were laid down for the guidance of the Tariff Board. This body was to satisfy itself that the industries seeking protection possessed natural advantages; that without the help of protection they were unlikely to develop; and that they would eventually be able to face world-competition unprotected. The Commission also proposed that raw materials and machinery should ordinarily be admitted free of duty; that semi-manufactured goods used in Indian industries should be taxed as lightly as possible; and that the industries essential for the purposes of national defence, for the development of which Indian conditions are not unfavourable, should receive adequate protection. Upon the question of Imperial preference, the Commission suggested that no general system should be introduced; but the adoption of a policy of preferential duties on a limited number of commodities should be referred to the Indian Legislature after the Tariff Board had conducted a preliminary examination. It was stipulated that no preference should be granted to any article without the approval of the Legislature; that no preference should be given in such a way as to diminish the protection required by India's industries; and that no preference should involve on the balance any appreciable economic loss to the country. Any preferences which it might be found possible to give to the United Kingdom should, it was proposed, be granted as a free gift; but in the case of other parts of the Empire, preference should be granted only by agreements mutually advantageous. Although the report of the Fiscal Commission was signed by all members, five of the Indian signatories put forward a supplementary minute of dissent. They did not disagree with the main conclusions of the majority report, but considered that the accompanying conditions and provisos were calculated to impair their utility. The minority report maintained the necessity for an unqualified pronouncement that the policy best suited to India is protection. In other directions also, the signatories desired to underline the language of the main report where they considered it to be half-hearted and apologetic. They expressed disagreement with their colleagues upon certain point connected with Excise, Imperial Preference,

and the constitution of the Tariff Board. Generally speaking, however, the broad unanimity of the recommendations put forward by the Commission, as a whole, was but little impaired by the minute of dissent.

The publication of the Report led to a protracted discussion. The landed and agricultural interests together with the European commercial community, which is predominantly free-trade in its instincts, denounced the burden that a policy of protection would impose upon the consuming population of India. On the other hand, the majority of vocal political opinion joined with the indigenous manufacturing interests in condemning the report as being too cautious. From the discussion, two important facts emerged. First, that such Indian sentiment as found strong expression upon the tariff question was principally protectionist; and secondly that there was a general belief both among Indian politicians and Indian commercial magnets that a new day would dawn with the adoption of a thoroughgoing policy of protection. In other words, while the producer class of India has clearly perceived where its interest lies, the consumer class, which includes the mass of the population so far as foreign trade is concerned, takes at present but little interest in the tariff question.

Interest Aroused.

The first steps in the direction of a protective policy were taken with due caution. Government fully realized the necessity for a change in the fiscal system; since as a result of certain modifications introduced into the tariff for purely revenue requirements, India was already under a species of protection, which possessed the disadvantage of being unscientific, haphazard, and insufficiently co-ordinated in respect of commercial considerations. On the other hand, the administration considered that it was its duty to safeguard, so far as might be, the interests of those persons who have so far displayed little appreciation of the damage which might be inflicted upon their interests from a policy framed for the benefit of the manufacturers and of the urban population.

First Steps.

Government accordingly accepted in principle all the recommendations of the report, but laid stress upon the fact that India's tariff policy must be guided by the requirements of revenue as well as interests of

Official Action.

industry. Early in 1923, the Commerce Member of the Viceroy's Council put forward a motion in the Legislative Assembly summarising in this sense the policy of the Government of India. He announced, in addition, that the authorities had decided to constitute a Tariff Board as an experimental measure for one year.

The Tariff Board.

After an animated debate, in which the conflicting interests of commerce and agriculture found almost for the first time clear expression, the Assembly adopted the official motion as a reasonable compromise. Shortly afterwards, Government announced that they had appointed to the Tariff Board Mr. (now Sir) George Rainey, a member of the Indian Civil Service, and two non-officials, Professor Kale and Mr. Ginwala, both of whom possessed considerable experience in economic matters. The new Tariff Board proceeded to devote careful attention to the protection of the Iron and Steel Industry. After a careful and elaborate investigation extending over several months, they published a report which showed that the claims to protection put forward on behalf of this industry were not ill-founded. Development had recently been hindered by severe competition from abroad, coinciding with the commencement of large schemes of expansion. The authorities, with the full support of large sections of organised Indian opinion, took prompt action.

Protection of Steel.

The recommendations of Government, which were based almost verbatim upon the conclusions of the Tariff Board, were submitted to a special session of the Indian Legislature fixed for May-June, 1924.

A bill was introduced by Government, and passed by the Assembly and the Council of State, the object of which was to foster the development of the Steel Industry in British India. The duties on certain articles manufactured from steel were increased, bounties were granted on heavy steel rails, fish-plates and railway wagons, manufactured in India. The duties and bounties alike were to be subject to revision after three years. The Steel Industry Protection Act, 1924, may be regarded as the landmark in the history of Indian tariff; since it was the first step taken towards the adoption of discriminating protection. The duties mostly take the form of substituting specific rates per ton for *ad valorem* rates based on tariff valuations. As typical examples, we may notice that the duties on steel bars were fixed at Rs. 40

per ton and on sheets at Rs. 30 per ton. The bounties, which were fixed at diminishing rates per ton on steel rails and fish plates produced in India, were fixed at Rs. 32, Rs. 26 and Rs. 20 per ton respectively in each of the three years for which the arrangement was to be operative. It was anticipated that with the help which this protection would afford, the steel industry would be able, within three years, to attain its full production. It was also hoped that world conditions would probably be more stable after a lapse of the three years period, and that the data on which proposals could safely be based would be more satisfactory. In September 1924, however, it was found that owing to the fall in prices of Continental steel and the maintenance of the rate of exchange in the neighbourhood of 1*s.* 6*d.*, the Indian industry was in need of further assistance. The question was referred to the Tariff Board which again reported that the case was well-founded, and suggested enhancements of the import duty. The Government of India decided that further assistance to the Steel Industry could more appropriately take the form of bounties rather than of additional increases in duties. Such aid, while of immediate benefit to the industry, would not raise the prices of steel goods in the country. It was calculated that the utmost assistance which the local industry might obtain from the further increase in duty recommended by the Tariff Board, was some Rs. 50 lakhs within a year. The Government of India therefore proposed to grant a bounty at the rate of Rs. 20 per ton on 70 per cent. of the weight of steel ingots, suitable for rolling into articles already protected by duties in the previous May, and produced in India from Indian pig iron between 1st October, 1924, and September 30th, 1925. The funds for these bounties were available from the surplus Customs revenue realized from the increased duty imposed in May on the recent large imports of steel. In January 1925, the new proposals were laid before the Legislative Assembly and accepted by that body. It is further to be noticed that on the recommendation of the Tariff Board, the import duty on sulphur, which is an essential raw material for chemical and other industries, was removed, with effect from 9th June 1924. During the period we are now reviewing the Tariff Board enquired into the circumstances of other industries, including cement, paper making, Printers' Ink and magnesium chloride. Their recommendations on these subjects

Other Enquiries.

have not yet been received. The Board, which has done very useful work since its inception, has recently received an extension of its activities up to the 4th July, 1926.

Significance of India's Protective Policy.

These developments represent a definite step in the direction which Indian political sentiment has for long advocated. But whether India's fiscal autonomy will result in a protracted era of vigorous protection, may well be doubted. For such a policy would quickly produce a marked effect upon internal prices. At the moment, much of its attraction seems to derive from the feeling that India has not been free hitherto to experiment in the manner she desires. Now that a beginning is to be made, from which it will be possible to gauge the actual consequences of a cautious application of the protective system, there is every hope that the question of the tariff, which is so vital to the country's real interests, may be settled in accordance with the dictates of practical experience rather than of abstract reasoning. In all fiscal questions, the influence of the European elected members of the Legislative Assembly is considerable: for their experience commands the respect even of those who differ from them. A determination that an industry claiming protection must prove its case; and that protective duties would not be approved hurriedly, was clearly noticeable during the debates on the Steel Industry Protection Bill.

Obstacles to Imperial Co-operation.

The political atmosphere which has characterised public life in India during the last few years has somewhat hindered the growth of co-operation between India and the rest of the Empire in economic matters. It is to be hoped, however, that before long there will be a wider appreciation of those large communities of rest upon which statesmen elsewhere within the Empire are now coming to agree. This development is unlikely to ensue until certain legacies of the past, resented by many sections of Indian political opinion, cease to exercise their embittering influence. Among the most prominent of these is the excise duty of $3\frac{1}{2}$ per cent. on Indian mill made cloth, which has been the subject of bitter controversy ever since it was imposed in 1896. In the March and September sessions of the Legislative Assembly, a non-official resolution on this subject was discussed. Representatives of the Indian Millowners, to-

The Cotton Excise.

gether with other Indian public men, demanded the abolition of the duties mainly on political grounds. The excise was condemned as an emblem of India's political subservience when her fiscal policy was dictated from abroad, and its unconditional abolition was demanded to vindicate the country's honour. It was also pointed out that while the duty was inoperative as between Lancashire and India, it imposed a certain disability upon Indian mills in their endeavours to face Japanese competition during the present depressed condition of the industry. The Commerce Member, Sir Charles Innes, presented the economic aspect of the case on behalf of Government; and argued that the abolition of excise without corresponding reduction in the import duty would mean that the consumer would pay the excise to the Millowner instead of to the Government. Sir Charles concluded his speech with an expression of the inability of Government to accept a resolution which went beyond the terms of the pledge given by Lord Hardinge's Government in 1916. To this pledge, nevertheless, the present Government steadfastly adhered; reiterating their intention of removing the duty when the financial situation permitted. The resolution was carried against Government. But the statement of the economic aspect of the case obviously impressed the House; and subsequent speeches complained of the dilemma in which representatives of Indian opinion would be placed, if it came to a choice between the abolition of excise duty and the remission of Provincial contributions. In the Delhi session of 1925, the question of cotton excise again came up. The majority of non-official Indian members reiterated their desire for the speedy abolition of the cotton excise duty; and in the course of the discussion of the demands for grants, complained of the delay in the execution of the pledge which Government had given. An attempt was made, by temporarily adjourning the discussion, to enable Government and the Opposition to arrive at a compromise. This failed. The Finance Member stated that Government did not consider the budget position to be such as would enable them to reduce the cotton excise duty during the forthcoming year, without injury to the end towards which the whole financial policy of Government was directed, namely, the gradual extinction of Provincial contributions. The Assembly, while in no way denying the importance of remitting the levy from the Provinces, made it plain that in the opinion of the

majority of Indian members some steps ought immediately to be taken to implement the pledge that the cotton excise duty should disappear. As a censure upon the administration for what was regarded as their laxity in discharging this obligation, the Assembly rejected the demand for the expenses of collecting the excise when the grant was placed before them for discussion.

There are, however, reasons for hoping that when political irritation disappears, the advantages of Imperial co-operation in economic matters will be patent in India. There seems at the moment of writing a distinct tendency towards exploring the possibilities of such a development. Towards the end of 1924-25 His Majesty's Government decided to set up a Committee, representing both themselves and the self-governing Dominions, India, and the Colonies and Protectorates, called the Imperial Economic Committee. This body is to consider the possibility of improving the methods of preparing for market and marketing in the United Kingdom the food products of the overseas parts of the Empire, with a view to increasing the consumption of such products in the United Kingdom in preference to imports from foreign countries and to promote interests of both producers and consumers. The Government of India have appointed Sir A. C. Chatterjee, their High Commissioner, and Mr. M. M. S. Gubbay, late of the Indian Civil Service, as their representatives on the Committee. It has further been arranged that the Committee shall be invited to make recommendations regarding schemes upon which useful expenditure might be incurred out of the grant which His Majesty's Government is devoting to the task of securing for producers in overseas parts of the Empire a larger share of the foodstuffs imported into the United Kingdom from abroad. A further measure of Imperial co-operation in economic matters has been foreshadowed by the Trade Facilities Act, 1924. This measure resulted from the scheme adopted by the Imperial Economic Conference of 1923 for co-operation in financial assistance to Imperial development. This assistance is to embrace the twofold object of accelerating development undertakings in the Empire and of relieving unemployment in the United Kingdom. It is arranged that His Majesty's Government may contribute to the payment of the interest on loans raised in the United Kingdom

Imperial Economic Committee.

The Trade Facilities Act.

by or on behalf of any public utility undertaking in the Empire. The amount of the contribution is not to exceed three-quarters of the interest payable during the first five years of the loan; and the capital sum on which the contribution is based is to be limited to the cost of materials to be purchased and manufactured in the United Kingdom. The scheme is applicable only to projects approved by the Governments concerned and certified to be in anticipation of normal expenditure. The British Treasury has set up a Committee to advise them on the cases in which they can properly make contributions. The provisions of the Trade Facilities Act have been brought to the notice of the local Governments and Administrations in India, and a memorandum for the guidance of applicants for the grants under the Act has been published in the country for general information.

The British Empire Exhibition.

The possibilities of co-operation in economic matters between India and the rest of the Empire received practical illustration during the year under review in the British Empire Exhibition. All the Provinces except the Central Provinces and Assam took part in this Exhibition. With the exception of Burma, which organized its own exhibit in a separate building of a striking character, the Indian Provinces and most of the leading Indian States were accommodated in a building which had been erected at the expense of the Government of India. Both buildings attracted many visitors; and the majority of the exhibitors, especially those who had articles for sale, expressed themselves as well satisfied with the result. In the Indian building, each Province was responsible for its own court under the general control and superintendence of an Exhibition Commissioner appointed by the Government of India. The exhibits in the Indian building were remarkable for diversity of their nature and the contrast which they displayed. For example, under a single roof were fine models of the wild North West Frontier Province and of the latest development of the Bombay Reclamation scheme. The Railways had arranged a comprehensive exhibit illustrating the different forms of transport in India from early days to modern times. The large industries were represented, as well as jungle scenes and sporting trophies. Altogether the remarkable diversity in cultural level and in material conditions which is so characteristic of the Indian continent to-day was displayed in a dramatic manner. There were

also a considerable number of stalls, at which the typical handicraft products of India were shown; while the exhibits from the Art Schools of Bombay and Calcutta introduced to Western notice the work of modern Indian artists. A remarkable display had been arranged to show the uses to which the ornamental hard woods of India and Burma can be put, and their suitability for high-grade furniture and for the better class of fittings in Banks and large commercial houses. Another feature was the extent to which Indian merchants took stalls for the sale of their goods. They were well rewarded for their enterprise. Apart from the direct commercial value of the Exhibition to India through the receipt of orders by exhibitors, the introduction of many of her characteristic products to western buyers will, it is hoped, serve to open up to her new markets of increasing scope as time goes on.

Among schemes for fostering the internal development of Indian commerce, reference may be made to two harbour projects of considerable importance. For some time the Government of Madras and the authorities of the Cochin and Travancore States have been exploring the possibility of converting Cochin into a safe all the year round harbour. The scheme is to cut a passage through the bar which blocks the entrance to an extensive backwater. A trial cut was made in 1923 and the effect of the monsoon thereon was observed. The results recorded have been examined by a Committee of Harbour Engineers in England, which has reported favourably on the prospects of the scheme. The local authorities are now securing the plant necessary for effecting a deeper and wider cut. If access through the bar can be established at all periods of the year, a portion of the backwater will then be dredged to afford anchorage for ocean-going steamers. The importance of this project lies in the fact that the harbour of Cochin would lead to the development of a valuable hinterland which is at present far removed from any convenient port. Even more pregnant with future possibilities is the scheme for the development of the Vizagapatam harbour. Proposals for the development of the port at this place have been under consideration since 1859; but the success of the project is bound up with the construction of direct railway communication between Vizagapatam and the Central Provinces; for the quantity of trade which could

Cochin Harbour Scheme.

Vizagapatam Harbour Project.

be obtained from the littoral itself is insufficient to justify the capital expenditure which would be required. With the resumption of fresh construction of new railway projects, the Government of India have caused the whole question of the port and the railway to be re-examined. Definite proposals have been formulated for the development of the harbour as well as for the construction of the Raipur-Parvatipur line. It is hoped that a commencement will shortly be made. The scheme for the port itself presents general features similar to those of Cochin. A bar at the mouth of a small river has to be cut; and anchorage for ships dredged in a land locked tidal basin. The bar, however, is not so large as in Cochin, and the internal basin is better protected. As will be plain from a study of the map of India, the Vizagapatam harbour scheme is likely to do much for the development and the prosperity of a very large tract of country.

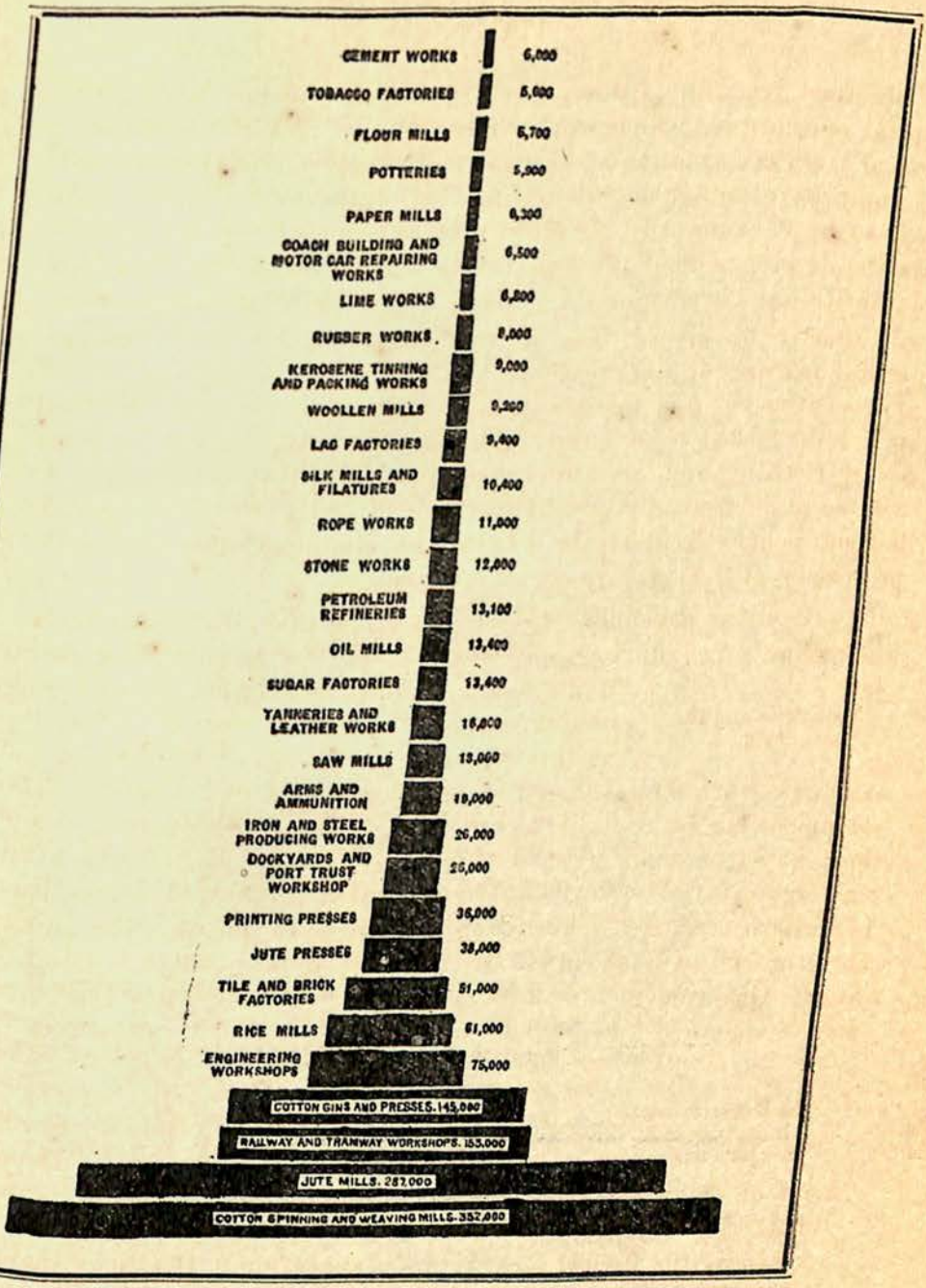
The general dependence of Indian trade upon Indian industry is obvious. Yet during the war period the Indian Industrial Commission pointed out that India was unable, despite her wealth in raw materials, to produce more than a small fraction of the articles essential for the maintenance of civilised activities. Development has hitherto been slow; for few Indian industries, except those based on some natural monopoly, could hope to make headway against the scientific production and organized competition of western countries. For some time prior to the war, the Indian Government had attempted to establish pioneer factories and to award Government subsidies to deserving industries; but until recent experience had demonstrated the possibility of successful state intervention on behalf of national industrial development, very little was done. It was only as recently as February 1921, that the Secretary of State sanctioned the creation of a central Department of Industries as a permanent branch of the Government of India. Its scope, as modified by the regrouping of subjects advocated by the Report of Lord Inchcape's Committee, now includes Industries and Industrial Intelligence; central institutions for industrial training; geology and minerals, together with the Geological Survey of India; the administration of the Indian Mines Act, the Indian Explosives Act, and the Indian Petroleum Act. The Indian Factories Act, and other labour legislation also falls

Industries and the State.

The Department of Industries and Labour.

DIAGRAM No. 9.

Relative importance of the different classes of Industries in India, during 1921.



NOTE.—The number represents the average number of persons employed daily in the respective industries.

1. Cotton Mills include figures for spinning and weaving establishment not classed as mills.
2. Engineering workshops include figures for electrical engineering workshops, ship-building and engineering works iron and brass foundries and canal foundries and workshops.
3. Dockyards and Port Trust workshops include figures for harbour works.
4. Arms and Ammunition include figures for arsenals, gun carriage factory, sappers and miners workshop and mechanical transport repair works.
5. Woollen Mills include figures for woollen carpet weaving establishments not classed as mills.

within its sphere, wherein are further included patents and designs, copyright, legislation relating to electricity and steam boilers, stores, stationery and printing, inter-provincial migration; meteorology, civil aviation, posts and telegraphs, irrigation and public works.

Central and Local Machinery.

With the introduction of the reformed constitution, industrial development became a provincial transferred subject. In consequence, the policy to be pursued in granting assistance to industries, the development of industrial and technical education, and to a large extent the research work necessary to establish the value of raw materials, are all controlled by Indian Ministers in charge of the Provincial Department of Industries. The constitution, however, permits the central Government to exercise supervision over industrial subjects when such a course is considered expedient. The necessity for such supervision is obvious. For example, pioneer industries may have to be established on a scale for which the resources of any one province would be inadequate; while institutes for carrying on research for the benefit of the country as a whole fall quite beyond the scope of any one of the local Governments. Moreover, such questions as that of making India self-supporting in the matter of stores required for military purposes, must obviously be relegated to the consideration of the central Department. In this connection it may be noticed that a contract has been entered into with the Calcutta Soap Works Limited for the manufacture of dynamite-glycerine. This firm has been granted a loan by the Central Government, and has installed a special refining plant for the manufacture of glycerine of the quality required for ordnance purposes. On the side of technical education and research, progress has been greatly hindered by the necessities of retrenchment. With a view to providing facilities for high grade instruction in mining engineering and geology, it was decided by the Central Government in 1920 to establish a School of Mines at Dhanbad in the province of Bihar and Orissa; but the project had to be postponed for some time on account of the necessity for retrenchment. But it has now proved possible to allot funds for the School and the construction of the buildings is in progress. It is anticipated that it will be possible to open the first year class in October or November 1925.

Technical Education and Research.

An equally important project for the establishment of a Chemical Research Institute has remained in abeyance altogether on account of the financial position. A revised scheme for the management of the Indian Institute of Science, Bangalore, which resulted from the recommendations of a special Committee of Enquiry is still under discussion; the delay in taking action being due to the fact that the parties legally competent to press for modifications of the scheme of management have not yet been able to come to an agreement on certain points. A promising beginning has been made in the grant of technical scholarships from the central revenues, in pursuance of a resolution passed by the Legislative Assembly early in 1922. During the period we are now considering 4 scholarships, one each for the study of mining, geology, metallurgy and flour-milling have been awarded.

Purchase of Stores.

Among the proposals of the Industrial Commission which are likely to produce the most marked effect in the encouragement of Indian industries, must be ranked the local purchase of Government and railway stores. The principle that wherever possible Government stores should be purchased in India has long been recognised. But in the absence of any institution for the amalgamation of indents and technical inspection during manufacture, this principle could be put into practice only to a limited degree. The difficulties were formidable. Manufacturing industries could not be started without a sufficient and continuous market; while orders could not be placed so long as there existed no adequate means of manufacture. Accordingly, Government determined to institute a machinery for bringing Departments into effective touch with local manufacturers. This machinery soon evolved into the Indian Stores Department. The Retrenchment Committee did, indeed, recommend the postponement of further expansion of the Department; but after careful consideration, Government decided that development must proceed. In arriving at this decision, they were largely influenced by the fact that in the absence of a properly constituted Stores Department, with Intelligence, Purchase and Inspection agencies it would be impossible ever to divert to the Indian mills and workshops the large indents now sent to London. Further, in their opinion, the quantities of stores at present purchased on Government and Railway account are themselves sufficient to justify

The Indian Stores Department.

the existence of the organization. The Secretary of State intimated his complete agreement with this decision, according his general approval to the organization of the Department on a permanent basis on the lines proposed by the Chief Controller of Stores. Branches have been constituted for the purchase of engineering stores and materials; and for the acquirement and dissemination of information regarding the actual and potential sources of supply in the country. During the course of the period covered by this Statement, considerable progress has been made in the development of the Department by the creation of local purchasing branches at Calcutta and Bombay and Inspection agencies at Madras, Bombay, Karachi, Cawnpore, and Delhi.

Expansion.

As exemplifying the importance of the work at present performed by the Indian Stores Department, it may be mentioned that during the calendar year 1924, textile goods were purchased to the value of Rs. 1·27 crores; and engineering plant and materials and miscellaneous stores to the value of Rs. 1·08 crores. The value of the stores inspected by the various organizations comprised in the Department, excluding the Metallurgical inspectorate, amounted to more than Rs. 2 crores. The Metallurgical Inspectorate dealt with nearly a quarter million tons of materials; while the number of tests, analyses, and investigations at the Test House and the Metallurgical Inspectorate amounted respectively to 5,238 and 3,977 respectively. Revised rules have been promulgated during the year to regulate the purchase of stores by Departments of the Central Government and minor local Governments. The main features of the new rules consist in the assertion of a more definite preference for articles produced and manufactured wholly or partly in India, together with an important extension of the power to purchase imported stores. It may be mentioned that the Stores Department acts not only as agent for the purchase and inspection of stores, but also advises Departments which utilize its services as to the class of plant and material suitable for the purposes contemplated. It further frames precise specifications of the classes of stores to be purchased. Finally, it carries on a considerable volume of useful work by investigating the existing and potential sources of supply in India and in collecting and disseminating information regarding prices and the like.

Stores Purchase Rules.

Among the most noticeable features of India's new industrial progress has been the increasing strength of the provincial organisations. A brief review of the work accomplished by the Departments of Industries of the Local Governments indicates at once the importance of the field now lying open to popular enterprise, and the unfortunate limitations which financial stringency at present imposes upon its development. In the Punjab, for example, the Department of Industries has continued to suffer during the year under report from financial stringency; but it is hoped that in this particular respect considerable improvement is to be anticipated in a short time. The Maclagan Engineering College has had its staff strengthened by three Professors recruited from England; the money required for the equipment of the institution is gradually forthcoming; and in a year or two it should be possible to obtain everything that is necessary. The Demonstration Tannery and Dyeing Factory at Shahdara has been completed, together with the small power house for working machinery. Some unavoidable delay has taken place in completing the water supply of these institutions; but as soon as the difficulty has been overcome, the work will be started. During the year, considerable advance has been made in establishing electric installations at some stations, and it is anticipated that Rawalpindi, Multan and Jullunder will be supplied with electric power during the coming year. The supply of coal for industrial purposes from the Bengal coalfields has continued to improve. No new supplies of oil were discovered during the year, but the Attock Oil Company continue to produce large quantities of petrol, kerosene oil and the like, and are ousting other sources of supply so far as the Punjab is concerned. The Punjab Arts and Crafts Depôt has succeeded in bringing the craftsmen of the province into touch with wider markets; and in improving the design and workmanship of the articles which they make. In this connection, the Punjab court at the British Empire Exhibition was very successful; and manufactured articles to the value of over £13,000 were sold. Numerous enquiries are also forthcoming regarding the wholesale supply of certain commodities.

Provincial Organisations.

The Punjab.

In the United Provinces the Industries Department was handicapped by financial stringency. Nevertheless, it continues to

The United Provinces.

expand its work of technical education and the promotion of nascent industries. The Provinces have now a large and increasing supply of colleges and schools for practical education in industrial methods; and it is satisfactory to notice that pupils who have finished their course of instruction can almost always find employment immediately. The number of artisans taking up industrial education, particularly in night classes, continues to grow. By demonstrations of industrial methods and products at all the well established district exhibitions, the Industries Department is awakening fresh interest and a wider outlook. At the British Empire Exhibition, merchants and manufacturers from the United Provinces sold products worth some Rs. 10 lakhs and were brought into direct touch with new markets in the Empire. During the period under review, financial assistance was given in ten cases by the Board of Industries for the encouragement of important enterprises. In view of the strong sentiment in favour of reviving and restoring the prosperity of cottage industries, a committee was appointed in 1924 to examine this question. The Stores Purchase Department has been working well; and as result of its assistance, no less than 80 per cent. of Government purchases during the year were of Indian manufacture; and 50 per cent. originated in the United Provinces. The Local Government notes, however, that for any large development of provincial industries, a change is required in the public attitude which is still to seek. The capitalist still prefers to invest his money in land rather than in industrial enterprise, and the educated youth of the Province prefers a career in the legal profession or in Government service.

Bihar and Orissa.

In Bihar and Orissa the State Aid to Industries Act has enabled pecuniary assistance to be granted to new or nascent industries in a variety of forms. During the year under review, the first applications for State Aid were received, and 4 out of 10 were sanctioned. The new Board of Industries established under the Act, in addition to dealing with these applications, considered a number of projects likely to lead to the expansion of existing, or the establishment of new, industries. The most important of these were the establishment of a demonstration match factory; the employment of an expert to investigate the prospects of the sisal hemp and orange industries in Chota Nagpur; and the grant of a subsidy to a private

individual engaged in experiments for the improvements of the tassar industry. Among the functions of the Director of Industries is that of acting as Consulting Engineer to those who require his services, and in particular, to small users of machinery. An expert staff is in a position to give reliable advice as to the plant to be purchased; to undertake its erection, and subsequently to advise on its upkeep. Since the ordinary small capitalist in the Province usually knows nothing himself of the working and care of modern machinery, the value of the service which the Department can render in this matter is being rapidly recognised. The amount of receipts from fees have increased, and in South Bihar, where the circle officer has gained the confidence of the public, the demands for his assistance were more than he and his staff could cope with. The most notable event in the field of technical and industrial education was the opening of the Bihar College of Engineering. The fact that the number of applicants for admission was greatly in excess of the number of vacancies is an indication of the strong demand for technical education. It is to be noted that the silks of the Bhagalpur Silk Industry commanded a ready sale at the British Empire Exhibition. Substantial orders have been received, and it is hoped that this will form the nucleus of a regular export trade.

Bengal.

In Bengal, notwithstanding financial stringency and retrenchment, the Department of Industries rendered considerable help to small industrialists in the way of technical advice, information, and trade facilities. Its current research work has also been continued, particularly in regard to the tanning, lac refining, and match manufacturing industries. As a result of experiments carried on at the Calcutta Research Tannery, some of the rather intricate problems of the tanning industry, which had hitherto remained unsolved, were successfully investigated. Demonstrations of weaving on fly-shuttle looms were held in some 13 districts during the year; and assistance was given to conchshell workers, to button makers, to oil refiners, and to other small industrialists. Unfortunately, owing to paucity of funds, the schemes for demonstration and pioneer factories for the manufacture of cigars and glass could not be proceeded with. Projected fruit canning factories and dairy farms remained undeveloped; and even schemes entailing comparatively small expenditure, such as the demonstration of

labour saving devices in the bell-metal industry, and the development of wool spinning and blanket weaving at Sandip, had to be abandoned. The Department issued an important publication reporting on cottage and small industries. This survey is of considerable value, since it will facilitate the improvement of such of these industries as are susceptible of development.

Madras.

In Madras, a considerable number of applications for assistance under the State Aid to Industries Act were received by the Board of Industries; but it is reported that many of them showed little or no appreciation of the requirements of the Act. The only application actually sanctioned by Government at the Board's recommendation was a loan to a firm of silk cloth manufacturers for the purpose of developing their factory. The Bureau of Commercial and Industrial Information dealt with an ever-increasing volume of enquiries, and its services were much appreciated. As a preparatory step to the development of the lace and embroidery industry, an assistant was appointed in October to carry out a comprehensive survey of existing conditions. Government demonstration factories continued to perform useful work. There was an increased demand for the soaps manufactured by the Kerala Soap Institute at Calicut, and a profit was earned. The Industrial Institute, Madras, which was exclusively devoted to the manufacture of ink, was fully occupied with the orders it received, and has now established itself as a paying concern. On the other hand, the Government glue factory was closed; and the results of the operations of the Fruit Preserving Institute were unsatisfactory. In consequence of propaganda work for the introduction of sericulture, several tracts have been brought under mulberry cultivation, while in addition the rearing of silk worms has been successfully initiated. In industrial education, satisfactory progress continues to be made. The new buildings of the Madras Trades School were occupied during the year; the Madura Industrial Institute was reorganised; and the School of Arts and Leather Trade Institute continued their activities.

Bombay.

In Bombay, the Department of Industries continued to be hampered by shortage of funds, as well as by the prevailing industrial and commercial depression. The handloom weaving section, which endeavours to introduce improved appliances amongst the weaving population,

continued to function successfully. Since the abolition of the post of Director of Industries, as a result of the vote of the Bombay Council in February, 1924, this branch of activity has now been taken over by the Registrar of Co-operative Societies. The management of research scholarships has been transferred to the Director of Public Instruction; but the pottery section continued in charge of the pottery expert of Sir Jamsetjee Jeejeebhoy School of Art. Dyeing and calico printing demonstrations were successfully continued, and petitions were received for the extension of the period for which they had been sanctioned.

Central Provinces.

In the Central Provinces, the Director of Industries was associated with an Advisory Board; but development projects were hampered by lack of funds, and no new scheme of importance could be introduced. But the introduction of improved sleys and warping machines among the weaving population continued successfully; and the construction of the Leather Tanning School at Nagpur was taken in hand.

Indian Agriculture.

While it would be difficult to exaggerate the importance of building up, by every possible means, the development of Indian industry, it seems plain that for many years to come, the main occupation of the country is destined to be agriculture. In India three persons out of every four gain their living directly from the soil; and, whatever be the progress achieved by other industries, a considerable period must necessarily elapse before these proportions are substantially modified throughout a population so extensive. It is therefore self-evident that the readiest method of advancing the prosperity of the country as a whole lies through the development of Indian agriculture. Moreover, when India advances along the road to self-government, she will be compelled to devote resources larger than those which she can command at present to the task of self-improvement. The natural resources at the disposal of Indian agriculturists are considerable; and if properly utilized, seem amply sufficient to sustain the burden which will be laid upon them. But two things are above all things are necessary; more scientific methods and greater capital outlay. So far as the former is concerned, the problem is very largely one of demonstration. It has been said that the Indian Agriculturist is very suspicious of improvements; but the experience of the last few years

seems to indicate that his conservatism is generally that of the practical farmer, who requires good reasons for departing from established practices. When the success of improved methods can be clearly demonstrated, they spread with remarkable rapidity. Hence, in many places, the cultivator, despite his lack of education, is beginning to look upon the agricultural expert as a friend and guide. But the question of putting more capital into the land constitutes a serious difficulty. The Indian agriculturist has, as a rule, little money to spare for irrigation, for manure, and for efficient tillage implements. Generally speaking, therefore, he has to be content with a small yield from his holding even where the expenditure of a little money upon capital improvements would secure for him greatly increased profits. In existing circumstances, the most important consideration for the Indian farmer is the suitability of his crops to his land. Hence, the first step towards the improvement of the agricultural condition of the country is the development of better varieties of existing crops. To this end, the operations of the Agricultural Departments in India are primarily directed. At the moment the resources of these Departments are entirely insufficient for the scale upon which they are required to work; and here, as in other directions, it has not hitherto been possible to expend the amount of money which could profitably be devoted to improvements. The Imperial Department of Agriculture, with its headquarters at Pusa, is maintained at a cost of about Rs. 12 lakhs annually; while the gross expenditure of all the Provincial Departments does not much exceed £600,000—a total charge on the country of about ½*d.* per acre per annum. The Pusa Institute is the principal seat of agricultural research in India. Post-graduate courses in agriculture and the allied sciences have been introduced, with the object of qualifying those who pursue them for responsible positions in the Agricultural Department. There are also Agricultural Colleges in most of the Provinces; and the question of encouraging candidates for admission, whose numbers are not large, is under consideration; for in India, as in other countries, the problem of inducing the educated man to employ his education in the improvement of his ancestral acres is by no means easy. The

Progress and its difficulties.

The Agricultural Departments and their Work.

Pusa.

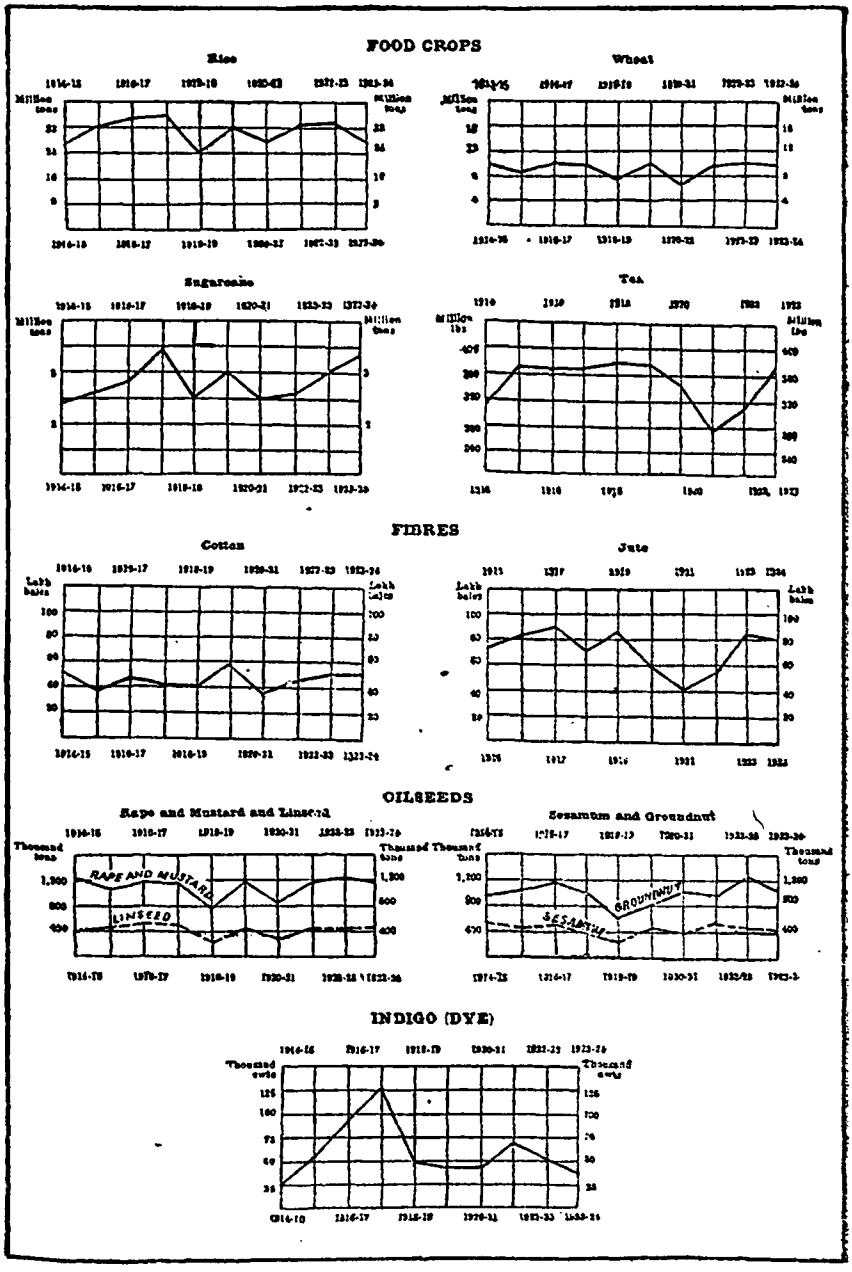
Pusa institute is well fitted for the pursuit of research and for the training of officers for the higher posts in the Agricultural Department, but it is on her agricultural colleges and agricultural middle schools that India must rely if she is to produce the type of highly educated farmer whose influence is so important in raising the level of tillage methods throughout any country.

Rice.

As we have noticed, the primary task to which the Agricultural Departments have devoted their attention is the improvement of particular crops. Of all the great crops in India, rice stands first in importance, and its yield is a vital factor in the country's welfare. Somewhat naturally therefore, much of the attention of the Agricultural Departments of the rice-growing Provinces is devoted to the evolution and introduction improved varieties of the crop. In Bengal the heavy yielding races known as Indrasail, Dudshar, and Kataktara are now grown throughout an area of more than 150,000 acres. In Madras, the Central Provinces, Assam, and Bihar and Orissa some of the selected strains are still gaining ground. In Burma, the requirements of the foreign market, with which the Province is greatly concerned are receiving their due share of attention. Hybridisation work conducted at Dacca has yielded a race of transplanted rice which is expected to meet the requirements of the uplands of Western Bengal. This variety, in addition to its desirability as a producer of heavy crops, matures early in October, which is a quality of particular value in the area for which it is designed. The improvements obtained from these new varieties are very remarkable. For example, in Burma, crops grown from the new races fetch a premium of between Rs. 10 and Rs. 15 per unit of 5,000 lbs. In the Central Provinces, one improved strain yields 470 lbs. of paddy more than the local variety per acre, increasing the income of the cultivator by about £1 for this area. Further, certain types introduced by the Agricultural Department in Bihar and Orissa have been found suitable for land too poor for local crops. From these examples, it is plain that the possibilities of improving India's rice crop by scientific methods are immense. The process will inevitably take time; for rice occupies a larger area than any other crop. But since it is used as a staple food by a high percentage of the population, the benefits to be derived from its improvement are immediate and far-reaching.

DIAGRAM No. 10.

Yield of certain principal crops from 1914-15 to 1923-24.



Wheat stands next to rice in importance in the list of India's crops. Unfortunately, Indian wheat is generally of low quality and does not command high prices in the foreign market. Accordingly Agricultural experts have directed their attention first to the evolution and distribution of strains possessing high yielding and rust resisting powers, improved strength of straw, and good milling and baking qualities; and secondly, to demonstrating the response of the crop to better cultivation. In these directions, the work of the Pusa scientists has been conspicuously successful. The improved varieties evolved have now attained such popularity that it is not possible to make an estimate of the area under them. But in the North-West Frontier Province, the United Provinces, and the Punjab, there is no doubt that they have spread over more than 1·5 million acres. The Pusa selections are giving satisfactory results under very diverse conditions of soil and climate, such as are found in the Peshawar Valley, North Sind, Kathiawar, the Nilgiri Hills and the Southern Shan States. For tracts where the crop is particularly liable to damage by birds, a new series of bearded wheats has been evolved at Pusa. These, in addition to displaying the particular quality for which they were designed, are as heavy yielding and satisfactory for milling and baking as the famous Pusa 12 and Pusa 4. Although 90 depôts are maintained for the supply of Pusa seed of the 12 and 4 varieties in the United Provinces alone, the demand is every year increasing. The local authorities have, therefore, sanctioned the opening of 10 more depôts. In Bombay, some of the strains selected from local types promise to meet admirably the requirements of the wheat growing districts of Sind, the Deccan, and Gujrat.

Wheat.

Sugarcane is a crop of considerable importance in India, for consumption is several times greater than production. The Agricultural Departments are directing much attention to increasing the yield by breeding better varieties of cane. The work is principally carried on at the Cane Breeding Station at Coimbatore—a worthy memorial to the ability and foresight of Dr. C. A. Barber, who devised it. Some of the new varieties evolved at this station do remarkably well in the Punjab, North-West Frontier Province, Assam and Bihar and Orissa. Both in the field and in the factory, the

Sugar.

Coimbatore strains have established their superiority over indigenous varieties and the demand for them now far exceeds the supply. With a view to supplementing the work carried on at Coimbatore, the Indian Sugar Producers' Association are financing a scheme for carrying on field and factory tests of all the more promising seedlings evolved. The Government of India have, as a temporary measure, placed at the disposal of this Association an area of 143 acres near Pusa. For some years, a Sugar Bureau has been in existence which furnishes advice to cultivators, manufacturers, and capitalists. It publishes statistical notes bearing on the production and consumption of sugar in different parts of the world and for this purpose maintains its own cable service. Further, in the district surrounding Pusa, the Bureau has taken over the testing and multiplication of improved varieties of sugarcane. It also arranges mill trials for the more promising strains. There can be no question that the improvement and extension of the sugar crop must be counted among the most fruitful of the projected developments of Indian agriculture. The scope which exists for progress in this field may be gauged from the fact that in 1923-24, sugar to the value of Rs. 15½ crores, and to the quantity of nearly half a million tons was imported. The area under sugarcane in India is roughly 2·9 million acres; and the production of raw sugar amounts to more than 3 million tons. The encouragement of sugar production both in quantity and in quality is thus a matter of considerable moment. The whole question was elaborately investigated a few years ago by a Committee, which recommended the establishment of a Sugar Research Institute, and a large demonstration factory. Unfortunately, financial stringency has in this direction, as in many others, interfered to postpone a promising and profitable development.

From food crops we may turn to textiles. In this field, cotton is by far the most important variety. India stands second only to America in total production; but her cotton is naturally short in staple, poor in spinning value and smaller in yield per acre. The work of the Agricultural Departments has, therefore, been directed to increasing the yield and improving the quality. The task is no light one, for the area under cotton must be something in the neighbourhood of 23 million acres; but a promising beginning has been made. Improved types now flourishing in the Punjab

Cotton.

bring to the cultivator about £3 per acre more than the local strains, and the increase in profits derived from this source aggregates well over a million and a half sterling. In the Central Provinces, the area under Roseum, a cotton selected for its high ginning quality, has increased to well over half a million acres; while in the Canal colonies in the Punjab, the area under selected strains of American cotton is more than three quarters of a million acres. In other cotton growing tracts in the country, progress on similar lines has also been made.

The Indian Central Cotton Committee.

In order to provide for satisfactory co-operation between the Departments of Agriculture and cotton traders, a body known as the Indian Central Cotton Committee was established in 1921. This affords a meeting ground where all sections of the trade can consult those who are engaged in scientific work for the improvement of the crop. The body also advises Government on questions affecting cotton. Under the recently passed Cotton Cess Act, the Committee has been constituted as a corporate body with funds of its own independent of the finances of the Government of India. It derives its revenues from the levy of a small cess upon the whole of the commercial cotton crop, devoting the proceeds to the promotion of agricultural and technological research in the interests of the industry at large. The Committee has now adopted a definite research programme; is co-operating wholeheartedly with the Departments of Agriculture and is bestowing grants-in-aid for the investigation of particular problems. It is financing a Central Cotton Research Institute at Indore to which certain Central India States have also contributed. A Technological Laboratory, including an experimental spinning plant, and a research laboratory have been established at Matunga near Bombay. These institutions will, it is hoped, discharge the useful function of furnishing accurate information regarding the spinning qualities of the new strains evolved. But in order that Indian cotton may obtain adequate prices in the world market, it is essential not merely that the evolution and the spread of the long staple variety should be encouraged, but also that its adulteration in bulk with the short staple local strain should be effectively prevented. Accordingly, at the instance of the Indian Central Cotton Committee, two very important pieces of legislation designed to prevent adulteration, namely, the Cotton Trans-

port Act and the Act for the regulation of Gins and Presses, have come before the Government of India and the Legislature during the year under review.

Jute.

The importance of the jute crop is obvious. North Eastern India supplies a large proportion of the world's market with this fibre, and so long as plentiful supplies and reasonable prices endure, there is no reason to fear for the continuance of India's monopoly. The export market governs to a large extent the area under jute; and during the calendar year, 1924. raw jute to the quantity of 0·68 million tons, valued at Rs. 26 crores, was shipped abroad. During the same period, the value of the gunny bags and the gunny cloth exported was Rs. 21 crores and Rs. 26 crores, respectively. The work of the Agricultural Department in connection with this important crop consists mainly in the selection of superior strains from the common mixtures found in the field. These varieties have now considerable popularity in Bengal, and are gaining ground in Bihar and Assam. Their disease-resisting powers are very noticeable and doubtless account in large degree for their growing popularity. The Agricultural Departments have also undertaken investigations into the manure requirements of jute.

Tobacco.

Tobacco growing seems likely to enjoy a promising future in India. At present, the scope for the extension of this crop is demonstrated by the fact that in the year 1923-24 unmanufactured tobacco to the quantity of 4·56 million lbs. at Rs. 0·49 crores, was imported into India. The high rate of import duty upon cigarettes has stimulated Indian manufacture; and the demands addressed to the Agricultural Departments for tobacco seed of a type suitable both for cigarette making and for general purposes has lately shown signs of considerable increase.

Oil Seeds.

A very large proportion of India's total production of vegetable oils and oil cake is consumed within the country; but in an average year a considerable surplus still remains for export. In 1924, 1·15 million tons of oil seeds were shipped. It seems likely that the importance of this crop will increase in the future; for the experience of the last war has taught European countries something of the dietetic value of vegetable oils. The Agricultural Departments are engaged upon the task of selecting superior varieties of seed and introducing them into districts for which they are most suitable. The coconut crop, which

is of great importance in Madras, has been subjected to intensive study, with the result that certain laborious operations in vogue among local agriculturists have been found to be quite unnecessary.

Fruit.

At present, the fruit growing industry of India is in its infancy. Endeavours are being made by the Agricultural Department to popularise better varieties of fruit and to introduce improved methods of cultivation and of packing. The importance of careful selection of trees and proper tillage of soil has been amply demonstrated; and in several parts of India special agricultural stations have been opened where improved types of trees are on sale. A number of good gardens are now working on up-to-date lines both in Baluchistan and in the North-West Frontier Province. But the economics of fruit growing are complicated; and before a satisfactory advance can be achieved, the possibilities of co-operative marketing, such as obtain in California, must be tested. The development of the fruit growing industry seems promising; for a certain proportion of the educated classes, who do not take kindly to other branches of husbandry, are quite willing to adopt it as a profession.

Fodder.

The fodder question is now assuming increasing importance in Indian economics, on account of the restriction of grazing areas which has resulted from the rapid extension of arable land, and the stricter conservation of jungles as forest reserve. The Agricultural Departments have already tended indirectly to increase the fodder available, since improvements in the yield of grain crops involve simultaneous increases in the yield of straw. But more and more attention is now being devoted directly to the problem of fodder raising and of storing. Research has shown that several weeds, hitherto regarded as troublesome intruders in the fields, can be utilized most advantageously as cattle food.

Soil Investigation.

Much attention has been devoted by Agricultural Chemists to soil investigation and manuring. During the period under review some important results have been obtained regarding the best methods of reclaiming saline land, the conservation of soil moisture, and the movement of nitrates in the soil. The storage of farm-yard manure, the production of artificial manure and the solubilisation of mineral phosphates have also been under enquiry. This work has been conducted principally

at Pusa; but the Provincial Agricultural Departments are also devoting much attention to soil investigation.

Pests.

The study of pests, both vegetable and animal, is a matter of great moment to India. The damage annually done to such crops as rice, sugarcane, and cotton is very serious. It has been estimated by the Imperial Entomologist that the depredations of insects alone cost the country Rs. 200 crores (£133 millions) each year. The main difficulty encountered by the Agricultural Departments is that of persuading the cultivator that it is possible to control these outbreaks, which are endured in many cases with patient apathy as a visitation of the higher powers. Some idea of the loss suffered annually from animal pests may be gathered by taking the specific instance of the rat. In addition to his disservice in spreading plague, the rat constitutes no inconsiderable burden upon the food supply of the country. It has been calculated that an adult rat consumes nearly one ounce of grain each day. Now, the Indian town with a human population of a quarter of a million people is likely to have a rat population of half a million. Assuming that grain is selling at 10 seers to the rupee, the rat population of this town would consume grain to the value of more than Rs. 1,000 each single day. At a moderate estimate, the total rat population of India must be about 800,000,000. Hence, the loss caused to the country by the grain which these animals consume must be near £15,000,000 per annum. The Agricultural and the Public Health Departments are closely co-operating in facing the problem of rat elimination. Methods of storing grain such a manner as to protect it from damage; the construction of rat-proof dwellings and similar problems are being carefully investigated.

Agricultural Engineering.

The engineering operations of the Agricultural Departments are very important; for the major need of Indian agriculture is a cheap and ample water supply. The connection of existing irrigation wells with sub-artesian supplies by means of pipes and bores, offers a most fruitful line of progress. Its successful development in many Provinces has added not a little to the reputation of the agricultural expert with Indian cultivators. During the year under review, the demand for well-boring parties was steadily maintained, and in a large proportion of cases, the enterprises were successful. Attention was also directed

to the construction and maintenance of small pumping installations, the popularity of which is increasing in many parts of the country.

Since the bullock is still the principal motive power in the field as well as upon the roads, an improvement in the cattle population of India is essential, if agricultural development is to proceed. The total number of live-stock of the bovine class of India is not less than 146 millions. For British India as a whole, there are 57 cattle for every hundred acres of area and 61 cattle for each hundred of the population. Unfortunately very considerable numbers of these cattle are maintained at an actual loss, for they are useless both for draught and dairying purposes. But in India the question is not one of pure economics, since the cow commands almost universal veneration among the Hindu masses. It is, therefore, not possible to proceed forthwith to eliminate the unfit and wasteful beasts. There are, however, two lines of advance which can be pursued without offending the religious susceptibilities of the most orthodox. These are first the improvement of the breed of cattle; and secondly its preservation both from disease and from famine. Interest in dairy farming and in cattle-breeding is fortunately increasing throughout India. Most of the Provinces and Indian States realize the paramount importance of these matters; and good progress is being made in establishing pure herds of the milch breeds and in evolving methods for increasing the fodder supply. The Imperial Department of Agriculture maintains a Dairy Expert; and the three important farms at Bangalore, Wellington and Karnal, formerly under the control of the Military Department, have now been transferred to his supervision. On these farms the best indigenous milch breeds are being improved by better feeding and careful selection. On the Pusa farm, work has continued on similar lines. The cross-bred herds now available have far surpassed the yields of the best indigenous animals. But for draught purposes, the indigenous breeds seem still superior to the cross breeds, and much attention is now being paid to the improvement of the former with a view to evolving the best possible dual-purpose animal. The Board of Agriculture has recently recommended the establishment of a Cattle Bureau for all India, one of whose functions will be to control pedigree records and encourage the formation of pedigree herds. An interesting experiment has recently been undertaken with a view to demonstrating the possibility

Cattle.

Improvement of the Breed.

of sterilizing and transporting milk from rural areas, where it is relatively cheap, to urban centres, where it is dear. An up-to-date sterilizing plant has been set up on the Karnal farm, and milk is now being successfully despatched to Calcutta, a thousand miles away. Should this experiment develop, it will open a vista of great possibilities for the Indian Dairy industry. At present, milk is nearly three times as expensive in the larger towns as in the rural areas.

Transportation of Milk.

Simultaneously with the work done in improving the breeding stocks, comes the preservation of cattle from famine and epidemic. We have already noticed what is being done by the Agricultural Department for the increase of the fodder supply. The results of research in this direction are of primary importance; for there is little doubt that a considerable percentage of India's cattle is underfed, which disadvantage, in combination with poor stock and close inbreeding, places it under a serious handicap. At least equally vital is the question of preserving Indian cattle from contagious diseases. Here the progress is very slow; for ignorance, old established customs and deep-seated prejudice operate at every turn to increase the difficulties of the Agricultural Department. The brunt of the struggle against cattle disease is borne by the Indian Veterinary Service; but unfortunately, there are now a number of vacancies in its cadre owing to the resignation of officers, and the inability of Local Governments, for financial reasons, to fill the sanctioned posts within their areas. The magnitude of the work involved can be realized from the statement that the cases treated in the 600 or so Veterinary Hospitals and Dispensaries at work throughout the country number more than one million annually. Fortunately the general public is now beginning to display increasing interest in this matter. The building of a Veterinary Hospital in Bombay a short time ago was assisted by popular subscription; and in other provinces, such as the Punjab, substantial assistance is received from the people. The Imperial Institute of Veterinary Research at Muktesar, formerly known as the Imperial Bacteriological Laboratory, which supplies munitions for the campaign against contagious cattle diseases, distributes over 2½ million doses of serum and vaccine every year. In addition to its routine production of these essential commodities, the institution conducts researches into cattle diseases of various kinds. Systematic

Cattle Diseases.

Veterinary Work.

serological tests are continued in the endeavour to obtain control over important diseases and to produce immunity by means of preventive inoculation. The institute also arranges for the instruction of officers selected from the provincial branches of the Indian Veterinary Service with a view to their promotion to the Imperial grade. Shorter courses are available for the officers of the Indian Veterinary Service and of the Royal Army Veterinary Corps in India. Further, arrangements are made to impart training in the rudiments of laboratory methods of disease investigation to selected Veterinary subordinates from the Provinces. These courses have already proved popular, and several Provincial Governments took full advantage of the facilities thus afforded during the year 1924.

Motor Tractors.

The necessity of discovering some suitable adjunct to the cattle power now employed for draught purposes has for some time been occupying the attention of agricultural experts. The more enlightened cultivators are now beginning to realise that such crops as sugarcane depend for their yield quite as much upon a more intensive tillage as upon increased supplies of manure and water. Accordingly, some interest has of late been displayed in agricultural motor tractors. Experiments have been undertaken with a view to testing the suitability of different types; and demonstrations have been held in certain places. It seems, however, clear that for some time to come, the utility of the motor tractor will be limited in India. In the first place, the cost of the work per acre is beyond the means of all but the largest landholders; and in several localities where they have been tried, tractors have been found quite unfitted for deep ploughing. Where large stretches of land have gone out of cultivation and are to be reclaimed, tractor ploughing may well prove advantageous; but the small size of the average Indian field seems for the present to limit the possibilities of progress in the direction of its increased employment.

Demonstrations.

The utility of the work of the various Agricultural Departments depends to a large extent upon an effective diffusion of the results of their labours among the population of India. Improved strains and better processes become valuable only in so far as they are adopted by the agriculturists themselves, but their popularisation presents peculiar difficulties. Since the majority of Indian cultivators are

wholly illiterate, leaflets, circulars, and magazines, so effectively employed in more advanced countries to link the farmer to the scientist, are of very restricted utility. Experience has shown that the only satisfactory method of diffusing knowledge is by ocular demonstration. For this purpose Government has established seed and demonstration farms, implement depôts and the like. The most convenient means of convincing the Indian farmer that the improvements recommended by the Agricultural Departments are really practicable, has been found to lie in the cultivation of small plots on his own land by the demonstrators. It is by this means that the work done on his behalf by the Agricultural Departments is brought, as it were, to his very door. The work of demonstration naturally depends very largely upon the existence of adequate and properly trained touring staffs, organised on the lines dictated by experience. To the process of demonstration, the co-operative movement contributes greatly. In every Province, the Agricultural and Co-operative Departments work hand in hand, thereby succeeding in bringing improved seed, better implements, and more advanced methods within the ken of the farmer; and at the same time providing him with the resources by which he can profit from them. But for the co-operative movement, the labours of the agricultural experts on behalf of the Indian cultivator would be far less effective than is actually the case.

Irrigation.

Prominent in the sum total of the labour which has been devoted by the authorities to the improvement of Indian agriculture must be reckoned the achievements of the irrigation system. India may justly be proud of her progress along this line, in which she stands second to no other country. For a fuller and more adequate description of the irrigation system, reference may be had to the "Triennial Review of Irrigation in India" for 1918-1921. The paragraphs which here follow attempt nothing more than the barest outline of some of the more salient features.

Necessity for Irrigation.

We may begin by noticing that in the Tropics, cultivation can be, and in many cases is, effected by natural rainfall only; but there are many regions in which the artificial watering of some portion at least of the crops is essential. In some parts of India, the rainfall of every season is insufficient to bring the crops

to maturity; while in other parts it is liable to uneven distribution, or to such deficiency as to render the tract concerned famine-striken in the absence of artificial protection. The Indian Irrigation Commission, which sat from 1901 to 1903, recorded that between the area in which the annual rainfall is invariably sufficient, and that in which it is so scanty that no agriculture at all is possible without an irrigation system, there lies a tract of nearly a million square miles which, without the aid of irrigation, is exposed to the uncertainty of the seasons and to the scourge of famine.

Methods of Irrigation.

There are various methods by which irrigation is accomplished in India. A very large area is watered without assistance from Government by the cultivator themselves, the principal means employed being wells, tanks, and temporary obstructions to divert water from the streams on to the fields. Well irrigation is particularly important in India; and although exact figures regarding the number of wells, and the area irrigated from them, are not available, it is known that as far back as twenty years ago there were approximately two and a half million wells irrigating some twelve and a quarter million acres. The capital invested in this form of irrigation is probably now not less than Rs. 100 crores. Almost every known system of raising water is simultaneously practised in India, ranging from the primitive plan of hand-lifting to the modern device of power pumping, which, thanks to the efforts of Government engineers, is gradually growing more common. But the means principally employed is cattle power; and experiments made before the war show that in certain districts, where the wells average from 35 to 40 feet in depth, the cost of irrigation with cattle power was Rs. 70 per acre, at the prices which then prevailed, per annum. The field for the introduction of small power pumps of a standardised pattern is thus very great; for it is estimated that land now producing crops worth Rs. 15 to Rs. 30 per acre can easily be made to yield produce of much greater value when more efficient methods of water raising are available.

Government Irrigation Works.

Government irrigation works comprise both tanks and canals, the former being mainly small affairs which derive their importance from their vast numbers. For example in Madras alone, there are over 35,000 petty irrigation works, serving between 2½

and 3 million acres. Turning now to canals, we may notice that they are divided for convenience into two classes; those drawing their supplies from perennial rivers and those which depend upon water stores in artificial reservoirs. The former are mainly found in connection with rivers rising in the Himalayas, the snow upon which acts as an inexhaustible source of supply during the dry months of the year. The latter are principally associated with the rivers rising in the Peninsula proper, where no such natural storage is available. Storage works are situated mainly in the Deccan, the Central Provinces, and in Bundelkhand. They range in size from small earthen embankments to enormous dams such as that now under construction in the Madras Presidency, capable of impounding 90,000 million cubic feet of water. Canals which draw their supplies from perennial rivers may again be divided into perennial and inundation canals. The former are provided with headworks, which enable water to be drawn from a river, irrespective of its natural level; some obstruction being placed in the bed so that the water may reach the height required to secure admission to the canal. Within this class fall the great perennial systems of the Punjab and the United Provinces. Inundation canals have no such means of control, and water only finds its way into them when the natural level of the river reaches the necessary height. The most important inundation canals in India are those of Sind; indeed, upon them depends the whole irrigation of the Province at present; but they also exist in the Punjab, drawing their supplies from the Indus and its tributaries.

Irrigation under the Reforms.

With the introduction of the Reforms, two important changes were introduced in the classification of Government irrigation works. In the first place, irrigation was given the status of a Provincial reserved subject; enhanced financial powers being delegated to local Governments in order to give them a much freer hand than they had previously possessed, in respect of all but the most important projects. Only those works estimated to cost over Rs. 50 lakhs now come before the Government of India for submission to the Secretary of State. In the second place, the old and somewhat cumbersome classification of individual works was abandoned; and all are now classified as either productive or unproductive. Productive works are such as satisfy the condition that within ten years of their completion they pro-

duce sufficient revenue to cover their working expenses and the interest charges on their capital cost. All other works are classified as unproductive.

Irrigation in 1923-24.

During the year 1923-24 the total area under irrigation, excluding Indian States, amounted to some 26·5 million acres. This represented 11·9 per cent. of the entire cropped area of the country, but was 1·8 million acres less than the record area of 28⅓ million acres irrigated in 1922-23. The total length of main and branch canals and distributaries in operation amounted to some 67,000 miles; while the estimated value of the crops supplied with water from Government works was Rs. 147⅓ crores. The area irrigated was largest in the Punjab, where about 10·2 million acres were irrigated during the year. In addition 573,000 acres were irrigated from channels which, although drawing their supplies from British canals, lie wholly in the Indian States. Next among the Indian Provinces came the Madras Presidency, with an area of nearly 7 million acres; followed by Sind with 3·4 million acres, and the United Provinces with nearly 2 million acres. The total capital outlay on irrigation and navigation works, including works under construction, amounted at the end of the year 1923-24 to Rs. 89·34 crores. The gross revenue was Rs. 10·65 crores, and the working expenses Rs. 3·77 crores; the net return on capital is therefore 7·70 per cent.

Projects under construction.

We may now briefly describe certain new projects under construction. The original proposal for utilising the water of the Sarda contemplated a diversion into the Ganges River above Narora at the headworks of the Lower Ganges Canal, thereby giving a large additional supply to the Ganges and Agra Canal systems. The project provided also for a separate feeder from the Ganges Canal to supplement the supplies of the Eastern and Western Jumna Canals. The principal item was a great feeder canal from the Sarda to the Ganges, which would have traversed at right angles the whole of the drainage of the submontane tract between the two rivers. This scheme was abandoned in favour of a canal known as the Sarda-Oudh Canal which would provide irrigation to the north-western districts of Oudh, with only a com-

Sarda-Kichha Feeder and Sarda-Oudh Canal.

paratively small branch for the irrigation of Rohilkhand. It was considered advisable to prepare a project for this branch in advance of that for the whole Oudh scheme. This project, called the Sarda-Kichha Feeder, was designed to take up the irrigation which under the earlier proposal would have been affected by the first forty miles of the Sarda Ganges feeder. It has now been found possible to carry the whole volume of water further to the south, thus avoiding the malaria-ridden portion of the Tarai through which the original alignment ran. Great economy has thereby been effected.

The Sarda-Oudh Canal takes off at the seventh mile of the Sarda-Kichha feeder and consists of a main canal, with a length of 17½ miles, after which it divides into three branches. From these branches a network of distributaries will emerge. There are to be 478 miles of main canal and branches, 3,370 miles of distributaries, and 100 miles of escapes. The canal will irrigate nearly 1·4 million acres, and produce a return of 7¼ per cent. on the estimated capital cost of £5 millions.

The operations carried out on the Sarda-Kichha Feeder and the Sarda-Oudh Canal up to the end of 1923-24 have involved an expenditure of Rs. 218 lakhs.

Sutlej Valley Canals.

There are on either bank of the Sutlej, in British territory on the north, and in Bahawalpur territory on the south, a long series of inundation canals, which draw their supply from the river whenever the water supply is high enough to permit it. These canals are liable to all the drawbacks of irrigation by inundation. There are no weirs at their heads, and, in many cases, no means of controlling the volumes entering them. Consequently while the water supply is assured during the monsoon months of a normal year, it is liable to serious fluctuations according to the seasonal conditions. In a year of inferior rainfall, little water enters the canals; in a year of heavy rainfall, they are liable to grave damage by flood.

It is *inter alia* to remedy this state of affairs that the Sutlej Valley project has been framed. This will afford the existing canals an assured and controlled supply from April to October; it will enable their scope to be extended so as to embrace the whole low-lying area in the river valley; it will afford perennial irrigation to the uplands on both banks, which are at present entirely

unirrigated, and owing to the low rainfall, waste. The project consists of four weirs, three on the Sutlej, and one on the combined Sutlej and Chenab, with twelve canals taking off from above them. This multiplicity of canals and weirs seems a peculiar feature of the scheme, until it is realised that the project consists of four inter-connected systems, each of the first magnitude. The canals are designed to utilise 48,500 cubic feet of water per second during the hot weather and the monsoon, and 7,000 cubic feet a second during the cold weather. Over 5 million acres will be irrigated, of which 2 million will be in the Punjab, 2·8 million in the Bahawalpur, and 0·34 million in Bikaner. The real value of the project will be appreciated from the statement that as a result of it, $3\frac{3}{4}$ million acres of desert waste will become available for cultivation. The scheme, which received the sanction of the Secretary of State in December 1921 is progressing well; and up to the end of 1923-24, Rs. 430 lakhs had been spent upon it. A revised estimate amounting to £13·2 millions was submitted to the Secretary of State in February 1925.

Lloyd (Sukkur) Barrage.

The Lloyd (Sukkur) Barrage project in Sind, which is the greatest irrigation scheme now under construction, was finally sanctioned by the Secretary of State in 1923. Its object is to give an assured supply to, and extend, the irrigation now effected by the numerous inundation canals in Sind, which draw their water from the Indus. This will be achieved by the construction of a barrage, nearly a mile long between abutments, across the Indus; which will be by far the biggest work of its kind yet built. From above the barrage, seven canals will take off, irrigating over 5 million acres, of which 2 million comprise existing inundation irrigation, to which an assured supply will be given, while the remainder is at present entirely uncultivated. The cost of the scheme will be about £12 millions.

Nira Valley Development Project.

The irrigation works in the Nira Valley in the Bombay Presidency consist of two canals, one on each bank of the river, the water required for which is obtained from the great reservoir formed by the Lloyd Dam at Bhatghar on one of the upper reaches of the river. These works do not, however, exhaust the possibilities of irrigation in the valley. On both the canals there are extensive

areas which would readily take water, if available; and with the object of bringing these areas within the scope of the system, an estimate amounting to £4·6 millions for the complete Nira Valley Development Project was sanctioned by the Secretary of State in November 1924. The new works proposed will bring under irrigation an additional area of 35,500 acres in a very precarious tract.

Cauvery (Metur) Reservoir Project.

In March 1925, the Secretary of State sanctioned the Cauvery Reservoir Project in the Madras Presidency, the estimated cost of which amounts to £4 millions. The project has been framed with two main objects in view. The first is to improve the existing fluctuating water supplies for the Cauvery delta irrigation of over a million acres; the second is to extend irrigation to a new area of 301,000 acres, which will, it is estimated, add 150,000 tons of rice to the food supply of the country. The scheme provides for a large dam at Metur on the Cauvery to store 90,000 million cubic feet of water; and for a canal nearly 88 miles long with a connected distributary system. It is expected to yield a net revenue of £300,000 which represents a return of 7·6 per cent. on the estimated capital cost.

Future Programme.

Almost every Province has several schemes under investigation which are not yet ripe for sanction, but it is interesting to note that if only those projects which are likely to be constructed within a reasonable time are reckoned, an addition of over 6 million acres to the total area under irrigation will result. As we have already noticed, the record area irrigated by Government works was attained during the year 1922-23, when it extended to above 28 million acres. By the time the projects now under construction are in full working order, a total of 40 million acres is confidently anticipated. When allowance is made for the more promising projects now being considered and for the natural expansion of existing schemes, an ultimate area of 50 million acres is by no means improbable.

It will be apparent from the preceding pages that the Indian irrigation system, despite the scope which exists for its future expansion, is already highly developed. Unfortunately, the same cannot be said of Indian forests.

In every land where they are found forests constitute an extraordinary important national asset; and to a country like India, where

an overwhelming proportion of the population is directly dependent upon agriculture, the part which they play in the economic condition of the people can hardly be exaggerated. As has been well said, "Among the peasant's greatest needs are firewood to replace manure; small timber for houses and wood for implements, as well as grazing and fodder for his cattle. It has been recognised with increasing clearness that forestry has an important vocation as the handmaid of agriculture." Nor is it only in the direction of supplementing natural resources that forests can play so great a part; they have, in addition, a marked effect on climate and on the maintenance of water-supply. They hold together the fertile surface soil; they store water and dole it out gradually, thus preventing disastrous floods and the formation of ravines. By checking erosion they prevent good soil from being washed into the rivers, and carried away to waste. Forests also directly increase the fertility of the land, being capable of forming rich vegetable mould even from mineral soils. Finally, in India, forests are a valuable asset in the time of famine; for they yield vast quantities of fodder—though much of it is of poor quality—and provide edible fruits and roots of which the poor readily avail themselves.

Forests.

The neglect of her forests in times past has exposed India to many penalties. The dense forests once situated in the Gangetic plain have now very largely disappeared; the land once occupied by trees being now either cultivated or standing as a deserted tract with ever-increasing ravines. The process of deforestation has probably continued for many centuries; but its serious effects seem to have become for the first time apparent, when under the stabilised conditions of British Rule, the population of India greatly increased. New demands for timber and fuel; the extension of tillage and the increase of herds; the necessity for constructional timber—all these requirements caused a fierce onslaught upon the forest areas. Fortunately the danger was perceived before it was too late. Forest conservation has now been applied systematically for more than half a century. In earlier years the task was beset with great difficulties; for the Forest Department was compelled to discharge the unpopular duty of protecting the heritage of nature from the thoughtlessness of mankind. The close connection of forests with

Forest Conservation and Public opinion.

the well-being of the people; and the dependence of Indian agriculturists upon the forest in their vicinity, naturally operate to prevent the broad national aspects of forest conservation from being generally appreciated at their true value. Restrictions upon the grazing of cattle, the felling of trees and the lighting of fires, so necessary for the conservation of India's forest wealth, are frequently resented by those classes of the population whose activities are thereby restrained. From time to time the resulting friction between the Forest Departments and certain section of the general public has led to agitation of various kinds. This was particularly marked in the days of the non-co-operation movement; when incalculable damage was done to the forests in certain parts of the Punjab and the United Provinces by incendiary fires. Within a few days the result of the careful conservation of decades was wiped out, and the promising turpentine and rosin industry suffered serious damage. The authorities have not been blind to the necessity of convincing the educated and the uneducated classes of the importance of forest conservation. Special care is being taken to relax the rigour of forest restrictions in such manner as to meet the requirements of villagers without prejudice to the interests of the future. In several provinces public opinion is being enlisted in support of the policy of the Forest Department by the constitution of committees, whose task it is to explain and justify the measures recommended by forestry experts. Many of the smaller reserves, which are chiefly valuable for the grazing which they supply to local cattle, have been handed over to Punchayats for management. It is to be hoped that with the gradual education of public opinion upon the subject of forests, the task of the authorities may be simplified; for nothing could be more disastrous to India's natural resources than the sacrifice of the future development of her forests to the immediate interests of the present generation. Even now, no fewer than 12 million animals graze in Government forests at nominal fees varying from 2 annas to Rs. 2 per annum. Moreover, it is estimated that the total value of rights and concessions enjoyed by villagers every year from the administered forests amounts to nearly one million sterling. Rights so extensive, unless carefully controlled and scientifically regulated, are capable of inflicting severe damage upon the forest resources of the country.

Despite the difficulty of securing the cordial co-operation of the general public, and the additional disadvantages of restricted staff

and financial stringency, Indian forests yield a considerable revenue to the State. The net profit in 1922-23 was approximately Rs. 1·56 crores. This figure compares well with the results observed in certain other countries. For example, in the United States, the Forest Department, in order to build up and manage its forest estates, indents upon the general tax-payer to the extent of Rs. 60 lakhs every year. In Canada, also the forests are not a paying concern. But the circumstances of New Zealand are particularly interesting. A Forest Department has recently been started there; but since funds are not available for building up the forest wealth of the country from revenue, the Administration has determined to organize its forests with loan money and to treat the whole expenditure as capital. There can be little doubt that such a policy, if pursued in India, would, within a short time, produce remarkable results; for one-fifth of the total area of British India, or approximately a quarter of a million square miles, is under the control of the Forest Department. Of this large total, only about 100,000 square miles are dedicated to timber production and only 70,000 square miles are under regular intensive management. From her forest assets, India is at present realising an average income of only 2 annas net per acre. On the other hand, some of her best forests under intensive management are already yielding a net return of as much as Rs. 15 per acre per annum. If the average net revenue could be raised to Rs. 3 per annum, the total profit derived by India from her forests would amount to Rs. 48 crores. And experts are agreed that India could make few more profitable investments than the sinking of adequate sums of money in a property with potentialities so enormous as those of her forests. By improvements in the growing stock; by concentrating methods of working management; by the development of new uses, markets and demands; by improved methods of extraction and exploitation; and by greater attention to minor forest products, the forests of India might be made among the most important sources of her national revenue. An immense scope thus exists for future expansion. The increased demand for timber and other forest products has of late stimulated the exploitation of Indian forests. The majority of provincial Governments have now completed the reorganization of staff required for developments in the immediate future. The sanctioned strength of the Indian Forest

Profit from Forests.

The Forest Service and Indianisation.

Service is now 399 officers; of whom 353 are to be recruited directly and the balance obtained by promotion from the Provincial Forest Service. The process of Indianisation is steadily proceeding; as may be judged from the fact that out of a total of 7 probationers recruited in 1924, 4 were Indians. In addition, two more Indians, who were fully trained, were appointed on probation, and posted to Madras and Bengal. At the end of this year, the strength of the directly recruited cadre was 314, while 19 probationers were under training in Great Britain.

Forest Engineering.

Among the most important lines of development in the future is forest engineering. A special service consisting of 17 officers is now in existence. But here, as in other directions, progress is severely handicapped by financial stringency; as well as by the lack of any system of providing funds for heavy capital expenditure, no matter how lucrative the ultimate returns will be. How much remains to be done from the point of view of exploitation, is indicated by the fact that the forests of British India now produce annually under 350 million cubic feet of utilized timber; representing about 2½ cubic feet per acre; while the total annual production is probably not less than 1,200 million cubic feet. Despite this available balance, the imports of timber into India exceed the exports by 5½ million cubic feet. This paradox is due to two principal factors; first the inaccessibility and consequent unworkability, of enormous areas; and secondly the small proportion of Indian timbers which possess at present commercial value. Under more extensive systems of developments, and with the discovery of new uses for timber at present unmarketable, the forests of India could easily supply the entire needs of the country and produce a handsome surplus for export.

Research.

The immense potential value of research into forest economics needs, after the statements in the preceding paragraphs, but little demonstration. As a result of the recommendations of the Indian Industrial Commission, the Forest Research Institution of Dehra Dun has been considerably enlarged. But here, as in other lines of progress, financial stringency has operated with disastrous effect. Nevertheless, fair progress has been made in many important investigations. Experiments in methods of seasoning and in the durability of timber have shown that many of the so-called " jungle woods ",

which have hitherto possessed no commercial value, are capable of being turned to important uses. Much valuable work is now being done, with the aid of drying kilns, to produce timber suitable for superior qualities of work such as panelling, furniture, bobbins, gun-carriages and rifles, which in the past have had to be imported at considerable expense. The Forest College at Dehra Dun now possesses specialists in wood technology, timber testing and seasoning, wood preservation, pulp and paper-making, who are experts engaged on short-time agreements. An Indian is to be trained in America with the idea of his eventual employment as Wood Technologist.

Minor Forest Products.

Minor forest products are now of growing importance. Lac, tanning materials, essential oils, turpentine, and rosin from Indian forests have established themselves firmly in the markets of the world. An avenue of great possibility has been opened up by the demonstration that bamboos can be utilized for the manufacture of paper pulp. It may be confidently hoped in the future that the extensive forest areas of bamboo and savannah can be utilized for the local manufacture of a large proportion of the paper now annually imported to the value of between Rs. 2 and Rs. 3 crores per annum. Private concerns in India are interesting themselves more and more in forest exploitation; are undertaking the extraction of timber, the manufacture of ply-wood and the production of paper pulp. Generally speaking, so far as minor industries are concerned, Government limit themselves to the maintenance of model institutions through which instruction is being imparted in the latest methods of work and the employment of up-to-date machinery. The production of rosin and turpentine has shown a steady rise during the last 15 years; with the result that the imports of both these commodities are steadily losing ground before the advance of local production. The rosin industry in particular is now in a position to retard or accelerate its expansion as the market requires. Roughly, 80 per cent. of the Indian market has already been captured; and an appreciable proportion of production is now available for export. During the year 1922-23 rosin to the extent of 30,000 cwts. and turpentine to the extent of 5,000 gallons were shipped overseas.

In the preceding pages, the economics of India for the year 1924–25 have been briefly reviewed; and some account has been given

of the progress accomplished during the course of that period towards the development of the natural resources of the country. It now remains to describe the condition of one of the most important of all requisites to her prosperity—her system of communications. In India, the whole question of transportation is attended with special difficulties. The distances to be traversed are enormous; the natural obstacles to be overcome in passing from one region to another are formidable; while, even within a restricted area, internal communications often break down altogether in the rainy season. It is no uncommon occurrence in India for trunk roads and railways to be cut by floods, and for important market towns to find themselves entirely isolated from the neighbouring districts. The communication difficulty is an old story in India. Throughout her history it has exercised a preponderating influence upon her political as well as upon her industrial condition. Even such modern expedients as railways, telegraphs, and motor transport have failed so far to provide a complete solution. If commercial development is to proceed along the lines which the interests of the country demand, unceasing efforts, combined with great expenditure, must be devoted to the task of improving the road and railway communications of the country.

Communications.

The necessity for extending India's roads is every day more apparent. The economic loss caused by the inaccessibility of agricultural districts in the rainy season must be considerable; and this cannot be remedied until the system of trunk roads is more adequately developed. Some progress, it is true, is being made every year; but the rate falls far below the true requirements of the country. The total mileage of metalled and unmetalled roads maintained by public authority is still only about 216,000. Until this figure can be largely increased, it will be impossible fully to utilize the more speedy means of road travel which modern progress now demands. Unfortunately little public interest is aroused by this question; and there are ominous signs that the general condition of all but the main arteries, such as the trunk roads, is suffering deterioration. Of late, however, there has arisen an encouraging development, which may eventually save the situation. In the districts surrounding many large towns, light motor lorries are coming into high favour with those villages which lie upon practicable roads. The establishment of omnibus-services

Roads.

DIAGRAM No. 11.

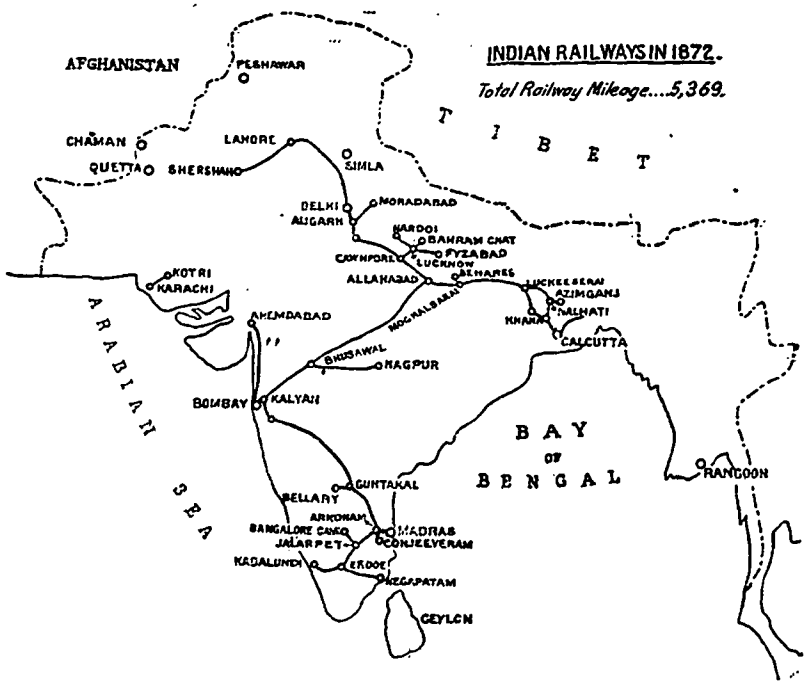
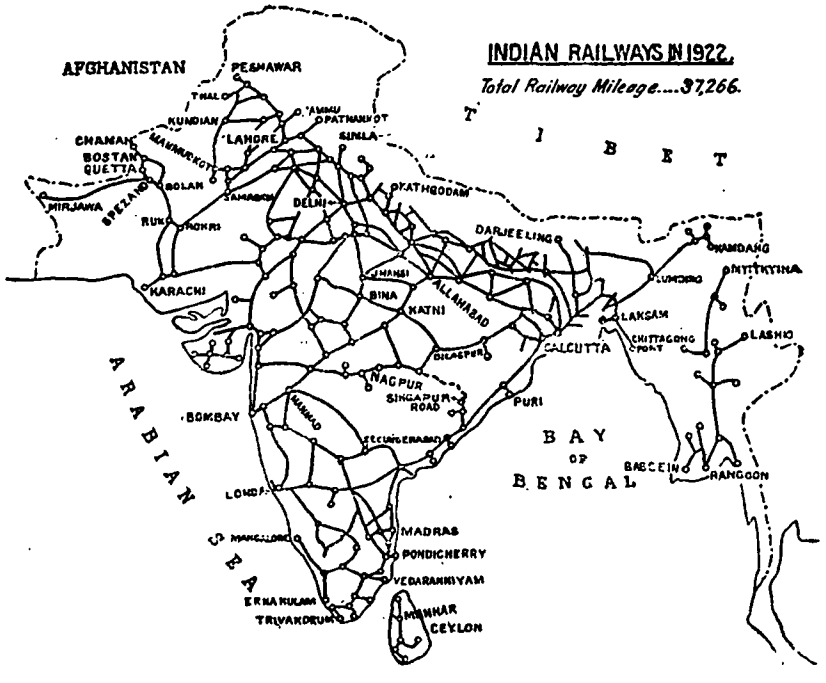


DIAGRAM No. 12.



by private enterprise, for rapid communication between outlying hamlets and the nearest market centre, has already proved commercially possible. Better still, it is certain, before long, to lead to a demand for good roads on the part of those with power to enforce their views.

Railways.

But of all the means of communication current in modern India, the most important is the railway system. A glance at the maps on the opposite page will illustrate the expansion which has taken place in the course of the half century since 1872. In that year the total railway mileage amounted only to 5,369 miles. By the end of the year 1924-25, the figure was approximately 38,000 miles. It is, however, undeniable that India still lags behind other countries in the matter of railway facilities. The second of the two maps to which we have referred reveals large areas in which there are no railways at all. Further, India has nearly 320 million inhabitants who have to be content with the 38,000 miles of their railways. England, so small by comparison both in population and in area, has 50,000 miles; and the United States of America a quarter million miles. It will thus be obvious that there is great need for expansion of the Indian railway system.

Progress under difficulties.

During the year 1923-24, the railways made solid progress towards recovery from the effects of the war period. Both as regards results and standards of efficiency, this year may be said to have marked the turning point towards a more satisfactory condition. The Committee presided over by the late Sir William Acworth in 1920-21 had diagnosed the disease, from which the railways were suffering, as starvation—both of finances and materials. The former had resulted from the plan by which the requirements of the railways were subordinated to the exigencies of the general finances of the country; the latter derived principally from India's isolation during the war. The remedies recommended were the reorganisation of the central administration on the basis of commercial management with financial control from within; and uniform and continuous grants on a large scale for rehabilitation and improvement. Acting on the recommendation of the Committee, the Government of India took active measures towards the rehabilitation of the railway property, the Legislative Assembly agreeing in the March session of 1922 to

spend a sum of Rs. 150 crores during the five years period 1922—27. The first step in re-organizing the central administration was taken in November, 1922, when a Chief Commissioner of Railways was appointed, and entrusted with the duty of recommending the form of the new organization. But before this process had been fairly initiated, the unbalanced state of the general finances of India led to the appointment of the Retrenchment Committee presided over by Lord Inchcape. The Railways thus came under a second careful examination, which extended not only to financial operations but to the whole question of working expenses and internal management. Broadly speaking, the recommendations of the Inchcape Committee were directed towards economies in working and wisdom in spending. They recommended an immediate drastic cut in the grant for working expenses; the restriction of renewals to practical necessities, and the adoption of the principle of so working the railways as to produce a fixed profit to the State. They also endorsed the Chief Commissioner's recommendation that a Financial Commissioner should be appointed; further advocating a policy of decentralisation of powers and responsibility to the separate railway administrations.

Position in 1923-24.

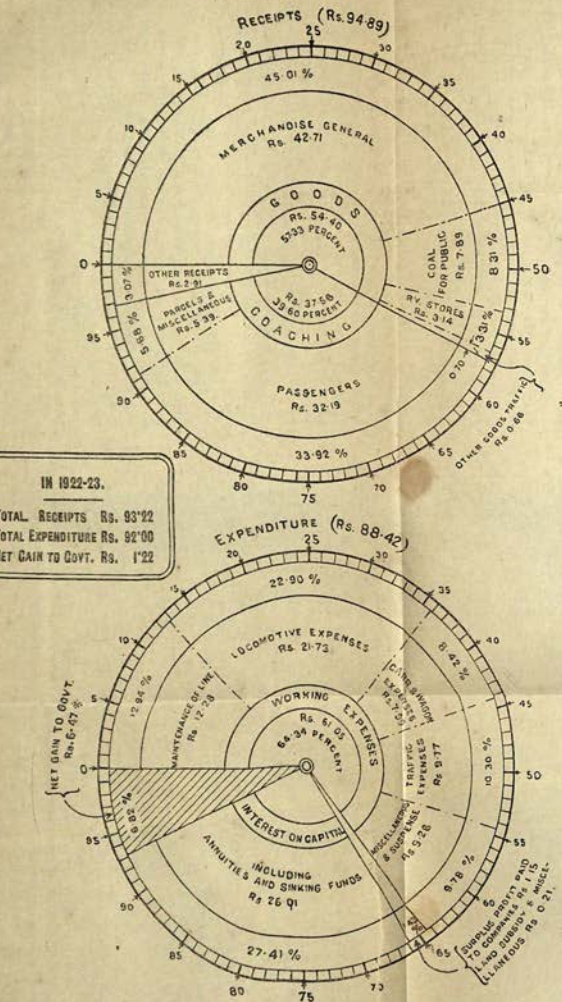
The result of these and other reforms, together with the gradual return of the country to prosperity during the year 1923-24, may be summarised in the remark that the State-owned railways showed a profit of Rs. 6·47 crores as compared with a profit of Rs. 1·22 crores in 1922-23. The earnings from goods carried on Class I Railways increased from 56·74 crores to 58·96 crores; while the earnings from third class passengers on Class I Railways increased from Rs. 30·92 crores to Rs. 31·48 crores. The total capital outlay on State owned railways during the year was Rs. 19·03 crores in 1922-23 and Rs. 19·71 crores in 1923-24. New lines totalling 430 miles were opened during the year; while another 759 miles were under construction at the end of the year. The general working of the railways is estimated to be even more satisfactory in 1924-25. The authorities placed the revised estimate of traffic receipts for this year at Rs. 98·01 crores and the total charges at Rs. 86·77 crores. It is, therefore, hoped that the gain from commercial lines during the current year will amount to Rs. 11·25 crores. Further, it is interesting to notice that a comparison of the figure of the periods 1923-24 and 1924-25 would seem to indicate that in the former year the Railways disbursed Rs. 59·16 crores in order to

Estimates for 1924-25.

DIAGRAM No. 13.

Railway receipts and expenditure on state owned lines in India in 1923-24.

Figures in Crores.



IN 1922-23.

TOTAL RECEIPTS Rs. 93·22
TOTAL EXPENDITURE Rs. 92·00
NET GAIN TO GOVT. Rs. 1·22

earn Rs. 93·18 crores; while in the year 1924-25 it is estimated that they will spend Rs. 61·30 crores in order to earn Rs. 98 crores.

The machinery by which the Government supervise the railway system has of late been radically overhauled. The organisation now adopted marks the close of the Board system of control, which had been in force since the Railway Board was first constituted. The old titles have been retained for certain statutory reasons, and the Chief Commissioner is President of the Board with the rank of Secretary to the Government of India. But the power of overruling other members has been vested in him; with the consequence that certain necessary changes have been made in the method of disposing of work. The work of the Railway Department is divided between the Financial Commissioner and the two Members of the Board on the basis of Financial, Technical, and General. The Board is assisted by four Directors for Civil Engineering, Mechanical Engineering, Traffic, and Establishment. Each Director is responsible for one or more of the several branches of the office. The elaboration of the organisation by the appointment of four Directors is designed with the object first of relieving the Members of the Board from the less important part of their extensive business, and secondly of supervising and directing the work of the various committees which have been formed for the consideration of technical standards.

Railway Organisation. 1. Headquarters.

The re-organisation of the headquarters administration has been accompanied by changes on the Railways themselves. For some years past, it has been evident that the growing complexity of traffic problems and the modern advances in the science of transportation necessitated some adjustment in the controlling agency. The departmental system of administration has become unsuited to the working of an increasing traffic over large areas; and the burden now falling upon the headquarters staff is so heavy as to render efficient control difficult. A careful analysis of the problem has indicated that the remedy lies in divisional organisation. This entails vesting the entire administrative responsibility for the movement and handling of traffic (including the direction of engine power and running repairs of engines and vehicles), and for co-ordinating these factors with the upkeep and improvement of way and works, in one single officer at headquarters, the Chief Operating Superintendent. At the same time, the responsibility for executive work of the same kind is placed

2. The Divisional System.

on a single authority in each locality, termed the Divisional Superintendent. This form of organization, which has been adopted extensively in America, South Africa and in other countries, soon proved of value after it had been introduced upon the Great Indian Peninsula Railway system in 1922 and it has since been applied to the North Western Railway in October, 1924, and to the East Indian Railway in January, 1925. It seems not unjustifiable to believe that a new era in the development of the Indian railway system is now commencing. During the year under review, for the first time, a railway budget has been prepared which deals with railway business on its own merits, and is not dependent for its scope on the proceeds of general taxation or the receipts and expenditure in other Government activities. This has resulted from the convention concluded in September, 1924, between Government and the Legislative Assembly, under the terms of which the Railways make a definitely ascertainable contribution to general revenues year by year; and for the rest manage their affairs on commercial lines. What this measure of independence will ultimately mean, in affording freedom to the Railway Board and Railway Administrations to deal with their business upon methods which look first and last to the transportation needs of the country, can hardly be foreseen. For while it lays upon the railways a heavy financial obligation, which of itself encourages the Railway Board and the Agents to operate upon sound commercial principles it also enables the Railway authorities to look far ahead; to embark upon continuous and well thought out programmes of new construction; and to enjoy the freedom so necessary if they are to devote all their energies solely to the development of India's railway property. For further details regarding this significant convention, the reader is referred to a preceding page, where its general financial effects are briefly elucidated; and to the appendices to this statement, where the resolution of the Legislative Assembly is reproduced in full.

The Separation of Railway Finances.

The influence of the Legislature upon Railway matters was not confined during the period under review to this great achievement. The Members of the Legislative Assembly in particular displayed the keenest interest in all matters connected with railway administration. During the year 1923-24, no less than 29 per cent. of the total number of questions asked referred to railways. During the budget

The Railways and the Legislature.

discussion of 1924, railway matters occupied a considerable portion of the total time allotted. In matters of retrenchment and economy, two resolutions were moved in the Assembly, one for a reduction of Rs. 10¾ crores in the working expenses and the other for a reduction of Rs. 25 lakhs. In dealing with the former resolution, Government had little difficulty in convincing the Assembly that the proposal was not a practical one in view of the large reductions affected since the Report of the Retrenchment Committee. The latter motion, was, however, carried by a small majority; since the House believed that a further stimulus to economy in various directions was needed. It should further be noticed that in connection with the convention for the separation of Railway from general finances, the influence of the Assembly over railway policy was augmented rather than diminished under the new system. Among other important changes provided for by the agreement was a modification in the constitution of the Central Advisory Council. This body, when first formed, had been evolved from the Railway Finance Committee, the members of which had been selected in connection with a resolution of September, 1921, providing that the question of railway finance should be referred to a Committee. When the new Legislative Assembly met in 1923, a change was made in the composition of this Council; and it was decided that it should be a committee of business men of the two Houses, with a few laymen representatives. In September, 1924, Government accepted the Assembly's view that the constitution of the Central Advisory Council should be altered in such fashion as to provide for the selection of its members from panels chosen by the Council of State and the Legislative Assembly; and for the creation of a Standing Finance Committee for Railways, whose Members will be *ex-officio* Members of the Central Advisory Council. It was further agreed that the estimates of Railway expenditure should be discussed with the Standing Finance Committee for Railways before the discussion in the Assembly of the demands for grants presented in connection with Railway budget. At the same time, the Assembly took the opportunity to press upon Government its preference for the State management of railways; reserving to itself the right of terminating the convention if any of the railways now managed by the State were transferred to Company management. Government further agreed that no negotiations for any such transfer should be concluded until

The Central Advisory Council.

State Management.

facilities were given for discussion of the whole matter in the House. At the same time, the Assembly urged upon Government the rapid Indianization of the Railway services, the appointment of Indians as Members of the Railway Board, and the purchase of stores for State Railways through the organization of the Stores Purchase Department of the Government of India. Moreover, throughout the whole period covered by this statement, the Legislative Assembly displayed, as in previous years, keen interest for the well-being of the third-class passengers.

Third Class Passengers.

The provision of suitable and adequate facilities for the passengers who travel third class is one of the important problems which has been facing the Indian Railway Administrations in recent years. There must be some relation between the price paid and the facilities offered, if railways are to remain solvent; and, at the same time, the fare per mile must be kept low if it is to remain within the means of would-be travellers. The policy of the Legislature has been directed towards putting pressure upon the Railway Administration in two principal directions; first for the provision of such rolling stock as will prevent overcrowding; and secondly for the establishment of such amenities in the shape of waiting sheds, refreshment rooms, water supply, and the like, as will make third-class travelling more comfortable. The problem of overcrowding was till recently particularly serious. The direct remedy is obviously to obtain more stock; but this by itself is useless until the railways are provided with increased engine power and improved line capacity, so that extra trains may be run. Wherever a line is single, the number of trains which can be passed over it is limited. Wherever the gradients are heavy, the loads of the trains are restricted. While platforms are short and yards inadequate, trains longer than those at present running cannot be accommodated. In recent years, every possible effort has been made to deal with these difficulties which, by their very nature, cannot be removed speedily. As an example of the attempts which the administration is making to secure improvement we may mention that the programme for 1925-26 includes 822 new coaching vehicles, 755 of which are lower class. Moreover, 18 important station yards are being remodelled to improve the traffic service; a sum of about Rs. 3 crores is being spent in remodelling workshops; while the cost of doubling certain sections of the Bengal Nagpur Railway, of the Grand Chord of the East Indian Railway, and of quadrupling

sections of the Bombay, Baroda and Central India Railway is expected to total Rs. 1·3 crores. All these measures should operate to minimise overcrowding and increase facilities for travel; while so far as increased amenities for third class passengers are concerned, the programme provides for the expenditure of Rs. 0·3 crores on waiting sheds and refreshment rooms; dining cars; water hydrants, and the like.

Railway Stores.

The Legislature continued to display great interest in the question of railway stores. The Railway Administration has steadily adhered to the policy of purchasing railway stores in India wherever possible. Unfortunately, the supply of suitable material is not at present equal to the demand. During 1923-24, out of a total purchase of stores to the value of Rs. 27·06 crores, the value of the imported material was Rs. 18·79 crores. In the supply of rails, for example, orders were placed in India during the period under review which were greater than the Tata Iron and Steel Company were able to comply with. An important development in this connection was the passage of the Steel Industry Protection Act in May 1924. This provides for a sum of 7 lakhs to be set aside annually from general revenues for 3 years for the payment of bounties on wagons, in order to enable wagon building firms in India to compete with builders in other countries. The Act is designed to assist in establishing the wagon building industry in India; and the bounty is payable on wagons which are ordered from such firms in India as comply with the conditions laid down in the Act. The maximum figure, payable in one year, being fixed as stated above at Rs. 7 lakhs, limits the number of wagons to be built under the scheme to such a number as can be covered by a reasonable bounty per wagon; but it is anticipated that it will allow of orders being placed in India up to the capacity of Indian firms engaged in the wagon industry.

Indianization.

The interest displayed by the Legislature in the Indianization of the superior staff of the railways has already been mentioned in previous Statements. During the course of the period under review, this interest was, if anything, manifested in increasing degree. As we have noticed above, the whole subject was pressed upon the attention of Government in the discussions attending the separation of railway from general finances. A study of the statistics shows that progress in this direction is already appreciable. The present position may be

gathered from the summary tables upon the opposite page. In the twelve months ending October, 1924, the number of Indians in superior appointments rose from 280 to 310; and the Indian upper subordinates from 1,821 to 1,929. On State railways, other than the East Indian Railway—which has only just been taken over—Indians already fill about 30 per cent. of the gazetted posts. The Railway Administration has accepted the recommendation in the Lee Report that the extension of existing training facilities should be pressed forward as expeditiously as possible, in order that recruitment in India may be advanced as soon as practicable up to 75 per cent. of the total number of vacancies in the Railway Departments as a whole. Provisional proposals in regard to recruitment and training are at present under consideration between Government and the Central Advisory Council. The Legislature has complained that few Indians have risen to high posts in the Railways, and that there is no Indian Member on the Railway Board. In response to this complaint, Government reply that it is only in recent years that Indians have joined the gazetted ranks of Railway Offices in any number and that time must be allowed for them to find their way to the top. The question of training has also been under consideration for some time, and was examined in great detail in 1922 by a special officer, Mr. H. L. Cole. His report, with certain preliminary conclusions, was discussed by the Railway Board in the course of the year with the Central Advisory Council, and with the Agents of the principal railways. Proposals are now being elaborated by the Railway Board for comprehensive schemes which will train the staff in their current duties both with a view to improving their efficiency and giving them an opportunity of rising to higher positions. The aim is to establish in each of the State managed railways a school at which all the subordinate staff will receive courses of practical and theoretical training in their work. One such school is already in existence at Asansol. An institution has also been opened at Chandausi, which will constitute at once a co-ordinating centre for the work of the other schools, and will also give courses of training for officers on State railways. It will, moreover, take charge of the training of young probationary traffic officers, supplementing their practical training on the railways by courses of study. It is hoped, by the arrangements now being instituted for the selection and training of officers and subordinates, that the needs of the indigenous recruits for railway service will

DIAGRAM No. 14.

The following table shows the total number of European, Anglo-Indian and Indian employees for 1923-24 as compared with 1922-23 and 1913-14:—

Year.	European.	Anglo-Indian.	Indian.	TOTAL.
1923-24 . . .	6,642	11,509	708,942	727,093
1922-23 . . .	6,883	12,129	730,668	749,680
1913-14 . . .	7,986	10,437	614,882	633,305

DIAGRAM No. 15.

The following table shows the number of appointments made to the superior establishment of State Railways during the past three years.

YEAR.	TRAFFIC.			ENGINEERING.			OTHER DEPARTMENTS.			TOTAL.		
	Europeans.	Anglo-Indians.	Indians.	Europeans.	Anglo-Indians.	Indians.	Europeans.	Anglo-Indians.	Indians.	Europeans.	Anglo-Indians.	Indians.
1921-22 .	..	7	7	3	2	4	8	1	..	11	10	11
1922-23 .	..	1	1	2	..	6	10	2	1	12	3	8
1923-24 .	..	..	..	4	3	7	6	..	1	10	3	8
TOTAL .	..	8	8	9	5	17	24	3	2	33	16	27

It will be seen that of the 76 appointments made during these years 43 or nearly 57 per cent. were given to statutory Indians and if only the appointments for which Indians are available are considered, the percentage is over 65 as of the 24 European appointments shown under "Other departments" 10 were appointments made in the Locomotive and Carriage and Wagon Departments for which no suitable Indian candidates are at present available. Only one vacancy occurred in the Stores Department during the past three years and this was filled by an Indian.

be met more and more effectively as time goes on. In general, it is recognised that facilities can always be provided for training officers in the probationary period; but that these facilities must be developed and increased.

The Railways and the Public.

During recent years, events have combined to bring the railway administration more closely into touch with public opinion. One effect of the separation between railway and general finance will unquestionably be the provision of increasing opportunities for the Legislature to bring pressure to bear upon the railway authorities. During February 1925, the Assembly discussed for 4 days continuously the railway demands for grants; and the Administration was challenged to justify its policy in many important particulars. Further, the fact that the Railway Budget is now divided into 15 separate votes, enables members of the Assembly to concentrate their attention far more effectively upon the details of the railway administration than has ever been the case before.

Advisory Councils.

We may also notice that the constitution of local Advisory Councils in connection with the majority of the larger railways is helping to bring railway policy closely into touch with the public opinion of the area served by each particular line. Railway administrative officers are thus afforded improved opportunities of meeting representatives of the general public; and discussing with them such questions as the provision of increased facilities for lower class passengers; time tables; the remodelling of stations; and projects for new lines and other subjects of interest to the public. So far as the policy of the Railway Department of the Government of India is concerned, we may notice that the vigilance of the Legislature and of the Central Advisory Council results in a continuous, vigorous and healthy criticism from the representatives of vocal Indian opinion.

We may now briefly advert to certain notable topics connected with the history of Indian railways during the period under review.

Events of the Period. Electrification.

A great step forward was taken in February, 1925, with the inauguration of the electrified service on the Harbour Branch of the G. I. P. Railway. The completion and opening of the new service are of considerable significance in their bearing, not only on the transportation problem of Bombay, but upon the future of the Indian Railway System. The extent of the facilities thus placed at the

disposal of the travelling public may be estimated from the fact that it will be possible to travel more than eleven miles at the cost of one anna. There can be little doubt that railway electrification in Bombay will do much to conduce to greater efficiency and better health; for those who work in the crowded areas will now find it possible to reside where the air is cleaner, space is cheaper, and opportunities exist for recreation. Provision is also being made in the budget for 1925-26 for a sum of Rs. 1·03 crores for the electrification of the Great Indian Peninsula suburban line, and of Rs. 0·77 crores for the electrification of the Bombay, Baroda and Central India suburban line into Bombay.

New Construction.

In connection with the general extension of railway facilities, of which, as we have already seen, India stands so sorely in need, reference may be made to the programme of new construction set out in the Railway budget for 1925-26. This programme will eventually cost more than Rs. 44 crores; it includes 40 lines with an aggregate mileage of more than 2,000 miles. Closely connected with the proposals for new construction is the policy which has now been formulated in consultation with the Central Advisory Council in regard to Branch and Feeder lines. For the last 30 years, the policy of Government has been to finance the construction of Branch and Feeder lines through Branch Line companies guaranteed by Government. European capital has come forward: and the development of these lines has owed much to the enterprise and foresight of European business men. This method has been useful, in that it enabled lines to be built which otherwise would not have been built. In other respects, it was severely criticised by the Acworth Committee, which considered that the aim of Government should be to reduce by amalgamation the number of existing Companies, and only to encourage private enterprise in the development of Branch and Feeder lines in such cases as the State could not or would not provide adequate funds.

Branch Line Policy.

It was pointed out that the method in force entailed increased expenditure and extra work arising from the multiplication of independent railway companies. In fact, the whole situation has been changed, because the difficulty of providing funds for these lines no longer exists. Arrangements will accordingly be made in the future for the construction of all branch and feeder lines out of funds provided by the Railway Budget, in so far as this construction is expected to prove remunera-

tive from the point of view of railway earnings. There are cases, however, where the local Government or local authorities may desire that a line should be constructed upon the score either of administrative advantages, or of the development of a particular area, which will not be remunerative for railway earnings. It is proposed that in future the Railway Board should have power in such cases to arrange for the construction, if the local Government or the local authority guarantees the Railway Board against loss. As there is no desire on the part of Government to make any profits out of such contributions as the local authorities may pay under the scheme, it is proposed that the reimbursement of these payments should be the first charge on any net profits from the line should the line prove remunerative. Such arrangements have already been made with several local Governments. The new policy has met with the approval of the Central Advisory Council and the Legislative Assembly. It is interesting to notice that the capital expenditure upon the new branch-line projects figured in the budget for 1925-26 is four times as great as all the capital raised during the last 30 years by the Branch Line companies.

Transfer of the East Indian Railway.

Another important event of the period with which this Statement is concerned, is the passing of the East Indian Railway under State management in accordance with the opinion expressed by the Legislative Assembly. With this transfer, various important changes in the administration are contemplated. The Secretary of State has agreed to the amalgamation of the Oudh and Rohilkhand and the East Indian Railways, and to the transfer of the working of a certain section of the latter line to the North Western Railway. When the Great Indian Peninsula Railway comes under State management in July, 1925, it is contemplated that a section of the East Indian Railway will be transferred to its management. These changes are expected to reduce working expenses and to bring about increased efficiency.

Railway Risk Notes.

Reference was made in last year's Statement to the revision of Railway risk notes by a Committee constituted as a result of the resolution passed in the Legislative Assembly in 1922. The recommendations of the Committee were considered by the Government of India in consultation with their legal advisers; and revised forms, imposing on railways a measure of responsibility greater than previously

existed in respect of loss of, or damage to, consignments booked, were introduced on 1st October, 1924. The forms in more common use are A. B. and H. Form A is used when articles are in bad condition or so defectively packed as to be liable to damage, leakage, or waste in transit. This holds the Railway free from responsibility except upon proof that the loss arose from misconduct on the part of the Railway administration concerned. Forms B and H deal with consignments at special reduced or owner's risk rates. Under them, the Railway administration is bound to disclose to the consignor, in all cases of non-delivery or pilferage, how the consignment was dealt with from the time it was in the possession of the Railway authorities and, if necessary, to give evidence thereof before the consignor is called upon to prove misconduct.

Floods.

Finally, we may notice that in 1924-25, the railways have not been exempted from the vagaries of the Indian climate. An unusually heavy burst of the South West Monsoon in Southern India, during the second half of July 1924, resulted in floods of great severity, which caused serious damage to large sections of the South Indian Railway. The sections mainly affected were the Broad Gauge line between Olavakkot and Calicut, the Shoranur-Ernakulam Railway, the Travancore Branch, the Erode Branch and the Metre Gauge line between Tanjore and Chidambaram. Traffic had to be suspended on the several sections for periods ranging from a few days to about 2 months. Many bridges were washed away including those over the Ponnani and Poorapooramba rivers. The running of trains over the Cauvery bridge near Erode had to be suspended on the 27th July owing to a rise in the river, which on that day reached a height of 37 feet—7 feet greater than any high flood level previously known. The flood began to subside on the 28th, when running was again resumed.

Very serious floods were also experienced in northern India at the end of September 1924 and resulted in extensive breaches on the East Indian, Oudh and Rohilkhand and Rohilkund and Kumaon Railways. Due to the excessive rise of the Jumna river, the Railway embankment between Delhi and Ghaziabad was breached in a number of places over a length of about 4 miles. Breaches varied from 80 feet to 500 feet in length and between the breaches the embankment was so badly damaged that it would be more correct to say that there was no embankment

left. The energy of the water rushing through the gaps was so violent that holes from 15 to 35 feet in depth were scoured below the base of the embankment. Work was started as soon as possible immediately the flood began to subside; but about two months passed before even single line working could be introduced on this short but very important section of main line communication.

Floods were also experienced on the Ganges, Ramganga and Sardah rivers, which cross the areas served by the Rohilkund and Kumaon Railway. Flood levels were registered which in some cases were 3½ feet higher than any previously recorded in the annals of the Railway, extending over 40 years. The floods swept over the country side in a mass of water several miles in width carrying away trees and villages in its path.

Considerable damage was also done to the Oudh and Rohilkhand Railway between Delhi and Moradabad and in the Moradabad area and the embankment was breached in many places and various bridges damaged.

Other railways in northern India experienced the effect of the floods to a certain extent; but the damage done did not result in the lines being closed for as long periods at a time as on the East India, Oudh and Rohilkhand and Rohilkund and Kumaon Railways.

Posts and Telegraphs.

Next in order of importance in the system of Indian communications may be mentioned Posts and Telegraphs. The Indian Postal and Telegraph Department, in addition to its primary function of providing the Indian public with easy and rapid means of intercourse, is called upon to act as the agent of the Government in carrying out other essential services not directly connected with its basic activities. Since the Department possesses an organisation which is ubiquitous throughout the continent of India and Burma, it is utilized to perform many functions. It acts as the banker and agent of the people, enabling them to do their shopping from all distances. It collects customs charges on dutiable articles coming to India by post. It insures the lives of Government employees; and it pays the pensions of retired officials of the Indian army. It is the custodian of Postal and Telegraphic Stores held in reserve for purposes of military mobilization. Finally, among a host of miscellaneous activities, it sells quinine. The extent to which these useful functions are carried on, may be estimated from the fact that there are nearly 20,000 Post Offices in

Activities of the Department.

India with more than 100,000 Postal Officials and about 155,000 miles of mail lines.

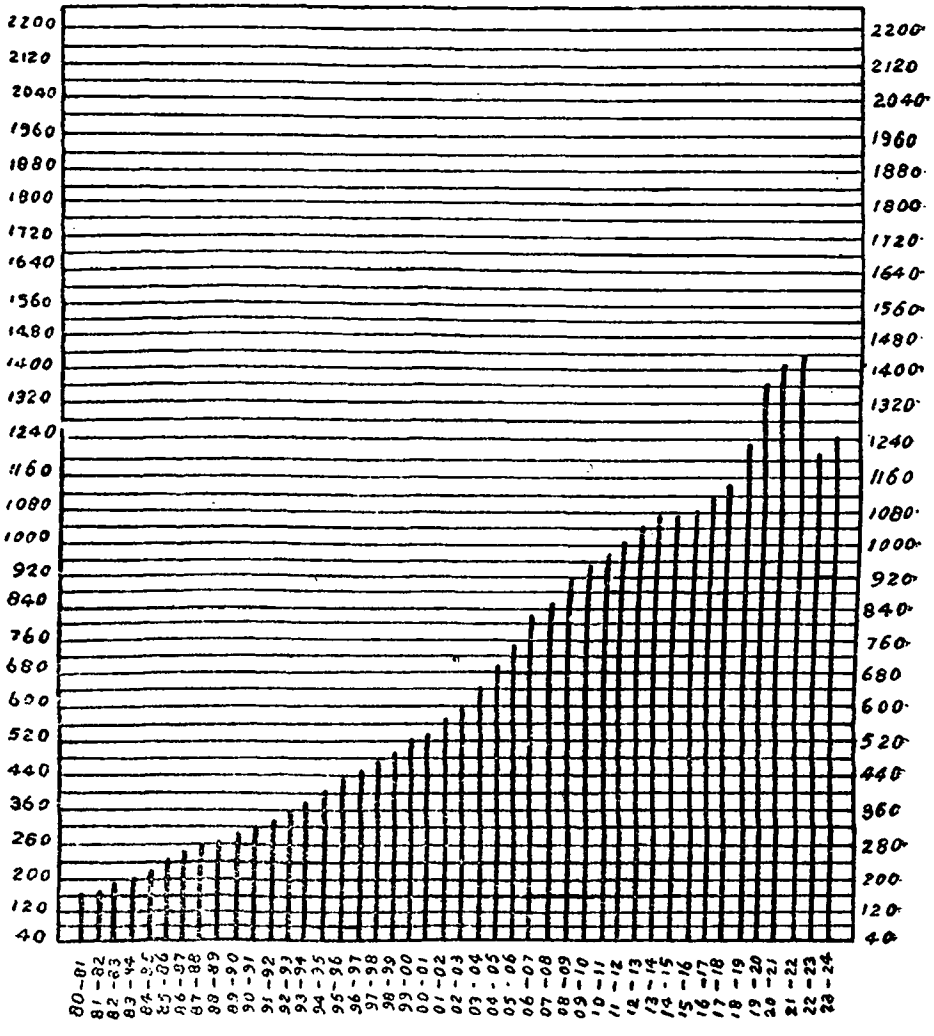
Rates and Traffic.

Owing to the largely increased cost of all services since the war, the Post Office found itself compelled in 1922 to raise the then existing rates. Prior to that time, the initial Indian letter postage was exactly one-third of the initial letter postage in England, while the average distance over which mails are conveyed in India is about five times as great as the average distance in England. Accordingly, as was mentioned in last year's Statement, the Legislative Assembly, in 1922, increased the initial rates on letters from $\frac{1}{2}$ to one anna, and on post cards from $\frac{1}{4}$ to $\frac{1}{2}$ anna. The new rates of postage were estimated to bring in an extra revenue of over Rs. 1 crore; but owing to a very heavy drop in the volume of the mail, the actual enhancement realised was some Rs. 0·7 crores. In fact, the year 1922-23, for the first time since 1880, displayed a setback in the growth of postal traffic. The total number of postal articles handled declined from 1,422 millions in 1921-22 to 1,186 millions in 1922-23, the biggest decrease being under the heads letters and post cards. During the year 1923-24, as trade began to recover from depression, and as the public became used to the new rates, the number of articles handled rose to 1,209 millions, showing an increase of 23 million articles over the figures for 1922-23. The net result of raising the rates was that the Department was able to show a surplus of Rs. 0·27 crores in 1922-23 as compared with a deficit of Rs. 0·58 crores in 1921-22. These figures, however, were calculated on the old basis of accounting, the working expenses included no provision for interest on capital or for depreciation; and the charge for pensions, which was transferred to the Department from the general superannuation vote, included simply the estimated outgoings for the year. Similarly, full credit was not given to the Department in respect of those miscellaneous services which it undertakes as additions to its primary functions. The year 1925-26 will be the first one in which the accounts will be prepared entirely on a commercial basis. About Rs. 0·24 crores will be credited to the Department in respect of the agency functions above referred to, as a deduction from gross working expenses. It will be debited with a sum of Rs. 0·5 crores for pension liability and Rs. 0·32 crores by way of provision for depreciation. From the net receipts the Department will also pay interest

Commercialised Accounts.

DIAGRAM No. 16.

Diagram showing growth of postal traffic since 1880-81—all articles.



on the block capital value of its assets which, for the year, will amount to Rs. 0·66 crores. If the accounts for 1924-25 had been cast in the above form, the gross receipts of the Posts and Telegraphs Department would have amounted to Rs. 10·07 crores, and the working expenses to Rs. 9·44 crores. After making allowance for interest and other charges above mentioned, the net outturn would have shown a loss of the little less than Rs. 0·03 crores. For the year 1925-26, the gross budget estimate of the revenue of the Indian Posts and Telegraphs Department has been put at Rs. 10·41 crores, and the gross expenditure at Rs. 9·76 crores. The final Profit and Loss Account of the Department, if these figures are realised, will work out at a deficit of Rs. 60,000.

The Rates Question and the Public.

The activities of the Indian Post Office are highly appreciated by the general public. There is an insistent demand for the opening of additional post offices; and bitter are the complaints when financial stringency compels the authorities to close those offices whose volume of business does not justify the expense of their maintenance. Further, the recent enhancement of the postal rates has been severely criticised by certain sections of public opinion. As we have noticed, the only conclusion that can be drawn from the figures recently recorded is that the existing rates are barely sufficient to enable the Department to pay its way. Certain representatives of non-official opinion in the Legislature have expressed the view that the enhancement of traffic which would result from the lowering of rates might be relied upon to make good the balance. The Government of India, however, believe that the statement is correct only within certain limits; and that there is no justification for making the general tax-payer subsidise the facilitation of private correspondence. In their view the Posts and Telegraphs Department is emphatically a business concern which should pay its way. They fully realise the importance which attaches to the cheapening of communications of all kinds; but argue that until better trade and further improvements in the direction of economical management combine to place the ratio between expenditure and receipts upon a different footing, it would be unjustifiable to contemplate any reduction in the postal charges. During the period under review, they were fortified in this belief by the consideration that any reduction in Post and Telegraph charges could only be made at the expense of the general revenue surplus, and as a consequence, of the tax-payers of the particular provinces

which were due for relief under the scheme of remitting Provincial contributions provided by the budget of 1925-26. During the discussions of the Finance Bill in March, 1925, a strong demand was voiced for the re-introduction of the quarter-anna post-card and half-anna letter. But the Treasury benches made it clear that the loss of revenue resulting from such a step would cripple the Department. Accordingly, after an interesting debate, the case put forward by Government and endorsed by the non-official Europeans, finally prevailed. The Legislative Assembly by a small majority confirmed the existing rates.

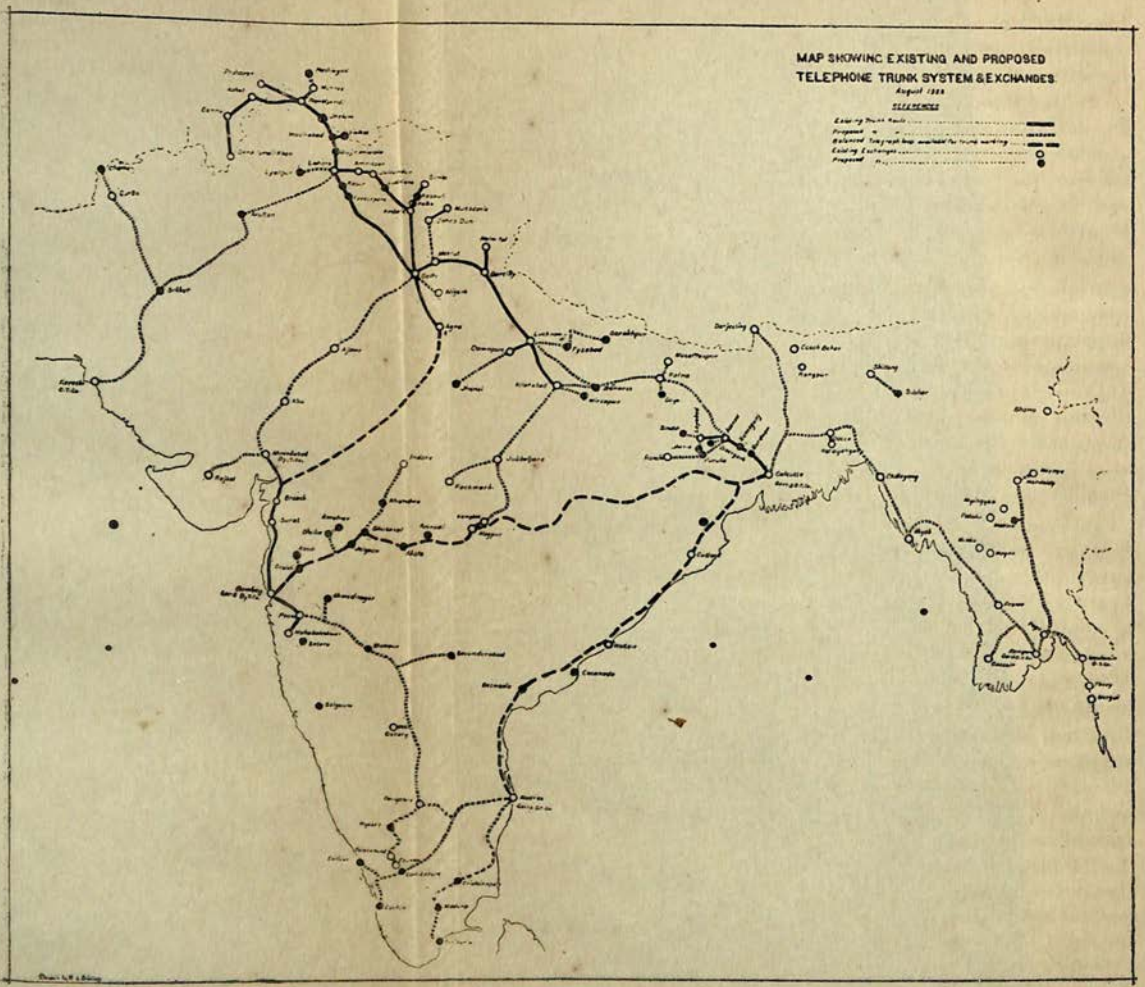
Telegraphs.

Before the commercialisation of Departmental accounts, the Telegraph branch generally showed a considerable profit. But under the new system, in which the Post Office, Telegraphs, and Telephones are expected to pay interest on their capital outlay, the position has been modified. For example, the Post Office itself is expected in 1925-26 to work at a net profit of about Rs. 0·29 crores. The Telegraph Department, on the other hand, owing to the fact that it has now to pay interest to the extent of Rs. 0·48 crores on its capital outlay, is expected to work at a net loss of Rs. 0·26 lakhs. It is necessary, however, to convey a warning against accepting these figures as any exact measure of the results of the working of the different branches; for the activities of the Department are so closely intermingled that any allocation of general charges not debitable to any branch in particular, *e.g.*, the expenditure on the head quarters offices, is bound to be somewhat arbitrary. Turning from the financial side of the Telegraphs to the consideration of Telegraph engineering in India, we may notice that at the end of the year 1924, the total line and cable mileage was 43,000 miles, carrying just under half a million miles of wire. There are some 11,000 Telegraph Offices in India of which more than 9,000 are open to the public. During the period we are now considering, a daily letter telegram service at quarter rates, subject to a minimum of 20 words, which had been introduced as an experimental measure between India and Great Britain in October, 1923, was extended to all British possessions and the United States of America.

Telephones.

The telephone branch has somewhat to show in the way of growth. In 1900, the Department had 42 exchanges with only 500 connections; while the licensed Companies had 16 exchanges with 2,299 connections.

DIAGRAM No. 17.



The figures are now 231 Departmental exchanges with 13,631 connections and 14 licensed exchanges with 25,222 connections. It will be apparent, none the less, from these figures, that in India, the Telephone system is still comparatively undeveloped. But existing installations are now being extended and obsolete plant replaced by modern apparatus. Advantage has been taken of the recent improvements in automatic telephone apparatus, and the Department has now 14 exchanges equipped with automatic plant, while several more are in process of installation. Good progress has been made in the extension of the trunk line system. The Punjab and the United Provinces have now been linked up telephonically; and through communication is possible between the larger towns. During the period we are now considering, four new telephone circuits have been added Rangoon-Pegu; Poona-Sholapur; Jullundar-Hoshiarpur; Quetta-Chaman. The arrangements for placing Bombay in permanent telephone communication with Northern India through Delhi have been practically completed; and at the beginning of the year 1925, the trunk line from Delhi to Bombay was thrown open to the public. The use of telephone is unquestionably extending in India. The trunk lines are becoming very popular; and it can only be a matter of a few years before a general demand for the extension of existing facilities makes itself heard with greater force. At the present moment, under the system of commercialised accounts, the telephone branch is estimated to work during 1925-26 at a net loss of Rs. 0·04 crore, after allowance is made for Rs. 0·094 crore which the Branch has to pay as interest on its capital outlay.

Wireless.

Progress in wireless has been seriously affected by financial stringency. At the suggestion of the Retrenchment Committee, almost all development in the Wireless Branch was postponed; and many of the Indian stations have been put under care and maintenance parties. On the other hand, the new high-speed continuous-wave stations at Rangoon and Madras have been completed, and a great deal of commercial traffic is now carried direct, to the relief of congestion on the long land line round the north of the Bay of Bengal. Press messages from England continue to be received, including the British official communiques broadcasted from Leafield. Progress is also being made towards completion of the Indian portion of the Imperial Wireless scheme; in that negotiations have been concluded

with the Indian Radio Telegraph Company for communication with the United Kingdom by means of the Marconi Beam system. The instructional establishment is working satisfactorily. From the beginning of September, 1924, the Wireless Branch took over the supply of personnel for the Royal Indian Marine wireless services, whose operating and supervising staff will in future be supplied from this source. Further, a number of Indian operators from the Telegraph Department have been trained in the use of the new wireless telephone apparatus recently sent out from England. As compared with other countries, broadcasting in India is comparatively undeveloped. But there are now three Radio Clubs situated in Bombay, Calcutta and Madras, which are likely to form the nucleus for considerable expansion in the next few years. These possess licenses enabling them to broadcast regular programmes. Draft conditions have also been formulated for the establishment of commercial broadcasting in India. There are, moreover, significant indications of an increased public interest. The number of wireless licenses issued for receiving sets has shown substantial increase; so much so, that the Telegraph Department have been obliged to bring to the notice of the general public the fact that possession of these sets necessitates the taking out of a licence from the nearest Post Office.

Broadcasting.

It may well be that, in the future, aviation will take its place among the other important methods of Indian transport. Not only is India on the direct line of communication from Europe to Australia and the East, but in addition it is naturally adapted for the development of air-travel. Throughout most of the year, meteorological conditions are excellent, and the difficulties arising from the monsoon should not prove insurmountable. Even the geographical features both of Burma and India invite the development of aviation; since on many routes railways are practically impossible and the existing means of transport slow and cumbersome. Moreover, the large commercial centres are situated at distances which conform conveniently to the speed of aeroplanes. For example, a night service between Bombay and Calcutta would save two working days on each journey, and a similar service between Calcutta and Rangoon would save nearly three working days. With all the advantages that an increased development of civil aviation is likely to bring to India, it must be pronounced a matter of regret that financial stringency has so far prevented any

Aviation.

substantial progress. It is true that a beginning has been made. Surveys of the primary air routes, Bombay-Calcutta, Calcutta-Rangoon, Calcutta-Delhi, and Delhi-Karachi have been completed; and civil aerodromes have been constructed at Dum-Dum (Calcutta), Bamraoli (Allahabad) and Gilbert Hill (Bombay); while in the North West of India, numerous Royal Air Force aerodromes exist, most of which are available, if necessary, for use by civil aviators. Endeavours, in fact, are being made to clear the ground for rapid advance as soon as finances permit. Certain of the primary air-routes just described have been resurveyed of late with valuable results. For example, it is now believed that a seaplane service between Calcutta and Rangoon would be preferable to the land route adopted in the original survey. The matter is, however, still the subject of correspondence with the Air Ministry and no further developments have taken place. But aviation in India is certain to receive a great stimulus if the proposed airship service between England and India should develop. For this will necessarily entail the development of heavier-than-air mail service in India. To prepare for this contingency, the principal internal air routes have recently been re-surveyed by an officer of the Royal Air Force. The examination of the detailed reports was held in abeyance pending the selection of a site for the terminal base of the airship service, but this question has now been settled. A party of airship experts deputed by the Air Ministry arrived in India in the first week of January, 1925, in order to report on the matter; and, as a result of their investigations, Karachi has been chosen as the first terminus. In preparation for future developments the revision of the Indian Air-craft Act, 1911 and the rules issued thereunder in 1920, has now been taken up in order to bring the law into conformity with more recent practice and to give effect to the principles enunciated in the International Air Convention. Interest in aerial matters has been stimulated during the year under review by the arrangements made by the Government of India to facilitate the flights across India and Burma of aviators from Great Britain, Portugal, France, America, the Argentine and Holland. One branch of aerial activity demands special mention as likely to be of increasing importance in the future. The late Consulting Aeronautical Engineer to the Government of India has lately completed, on behalf of the Government of Burma, a survey of more than a thousand square miles of the Irrawaddy Delta. The survey of this area by any other means

would have presented the very greatest difficulty; the aerial survey was attended with great success and a similar survey is now being made of the South Tennasserim forests. On the whole, therefore, there seems good reason to believe that the development of aviation in India, although at present in a rudimentary condition, is likely to make rapid progress when once a fair start can be made.

Meteorology.

In connection with the future of aviation, we may notice the important work of the Indian Meteorological Department, which by the determination of upper air movements, is steadily preparing for the day when precise information on this matter will be necessary to safeguard aircraft and to minimise the cost of flying. Throughout the year under review, work has continued on precise measurements of the high level winds at the Agra Headquarters and at the 8 outstations of India and Burma. Another very important function of the Meteorological Department is the provision of cyclone warnings to ports and shipping, and of flood warning to officers in the Irrigation, Railway and other Departments. The period under review was marked by heavy localized rainfall causing destructive floods in various parts of India, but the sea areas were unusually free from severe storms. For the Arabian sea, warnings were issued on 14 occasions; and for the Bay of Bengal on 32 occasions. The accuracy of cyclone warnings depends very much upon the co-operation of Ship Commanders at sea. The communication by wireless of certain standardized sets of meteorological observations is of immense assistance to the departmental experts. During the year under review, a beginning has been made with the policy of interesting individual Ship Commanders in this matter; reliable instruments being supplied on personal loan for use on shipboard, in return for regular weather messages and for special observations when called for by the Department. Two good barographs have been supplied to the mail steamers on the Madras-Rangoon run, and the results obtained show that the expenditure has been justified. In addition to these general services, the utility of which is increasing every day, the Meteorological Department carries on continuous scientific research into such matters as the exposure of thermometers, the relations of weather all over the world, and forecasts of the monsoon.

CHAPTER IV.

Some Fundamental Problems.

During the year 1924, conditions throughout India were generally favourable. This statement is, however, subject to exception in the case of certain localities. In January 1924, owing to the failure of the winter rains, distress appeared in certain districts of the Madras Presidency. Accordingly, famine was declared in Bellary, and scarcity in Anantapur. Subsequently, the distress extended to Ganjam and also to certain districts in Mysore State, where famine had to be declared. Since scarcity of fodder prevailed in the affected areas, free grazing was allowed in forest reserves which thus again manifested their importance as a source of relief to the agricultural population. Loans were advanced freely to the cultivators. In July, as a result of excellent rains, conditions improved in Mysore; and towards the end of August all relief operations ceased in that State. But in the Madras Presidency famine continued till October. By this time, a good monsoon had in marked degree abated distress and practically all relief works were closed down. The highest number of persons on relief work or in receipt of gratuitous assistance during this period was just under 12,000 in Mysore in May; and just over 11,000 in Madras in August. Unfortunately, the general return to normal conditions in Madras was delayed by a calamity of a different kind. So excessive was the rainfall in certain districts that unprecedentedly heavy floods occurred. Great damage was done to houses, to standing crops, and even to the land itself. No fewer than 43 lives were lost; while some 1,200 cattle and 43,000 houses were overwhelmed. In addition, the damage to communications and irrigation works which will have to be made good by Government was estimated at Rs. 35 lakhs. The local authorities took vigorous action. They issued liberal loans; they made free grants of land to replace village sites washed away; and they placed means of communication freely at the service of those who were working reclamation. A grant of Rs. 1·25 lakhs was made from the Indian Peoples Famine Trust, which was supplemented by private charity. Other Provinces, particularly

General Conditions of 1924.

Floods.

Bombay, Bengal, the United Provinces, and the Punjab also suffered severely from floods due to overabundant rainfall during the year 1924. In Bombay, the loss from damage to house property was estimated at Rs. 6·79 lakhs; while the area under standing crops submerged amounted to more than 62,000 acres. But far more serious were the Jumna floods in the Punjab and the United Provinces. These occurred with such suddenness as to cause lamentable havoc. Nearly 200 lives were lost and several thousand head of cattle perished. In all, some 470 villages were affected, and of these a large number were entirely destroyed. In the Punjab an area of about a thousand square miles was actually under water. Both official and private agencies actively co-operated in the relief of distress. Funds were opened to popular subscription for the relief of sufferers and the response from the general public was excellent. Most fortunately, the excellence of the monsoon in other parts of the country enabled the damages to property to be made good more quickly than if it had occurred in a bad year.

Food-Stuffs.

As a result of the continuance of good monsoons, the price of food-stuffs in India has again displayed a downward tendency. During 1924, India's export trade in cereals revived to a remarkable extent. Shipments of rice increased from 2 million tons in 1923 to 2·26 million tons in 1924, the value rising from Rs. 31·5 crores to Rs. 36·7 crores. Exports of wheat rose in quantity from 0·75 million tons to 0·78 million tons, and in value from Rs. 10·8 crores to Rs. 11·6 crores. Even more striking was the increase in the case of barley. In 1923, only some 45,000 tons had been shipped abroad. In 1924, the quantity rose to nearly half a million tons, valued at Rs. 5·8 crores as against Rs. 0·46 crore in 1923. It is to be noticed that the export trade in food grains is regarded with dislike by certain sections of Indian opinion. At first sight, such an attitude seems reasonable; for it is notorious that a large proportion of the Indian population is insufficiently nourished. But there is no reason to suppose that a permanent policy of restriction on exports, which is advocated from time to time, would achieve the end desired. If the cultivator were to be deprived of his foreign market, he would cease in time to grow commodities which he could not profitably sell. Inevitably, he would turn his attention to cotton and to oil seeds, thus reducing and not increasing the food supplies of the country. It seems therefore unlikely that

Export of Food-Stuffs.

DIAGRAM No. 18.

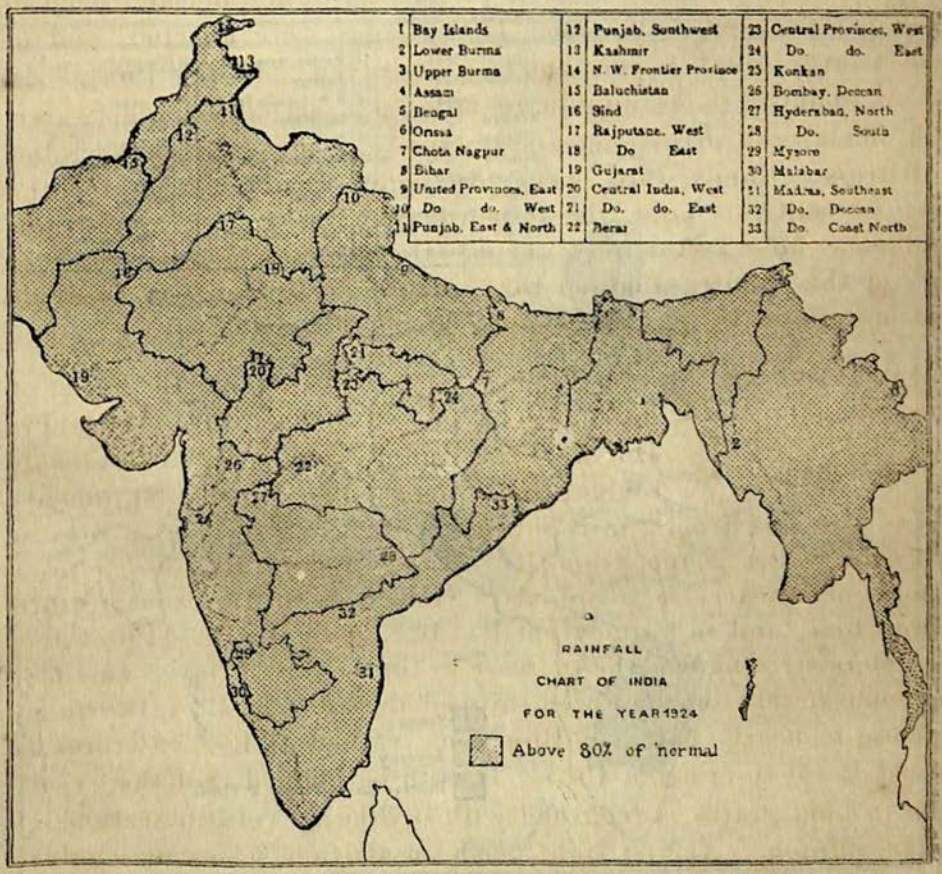
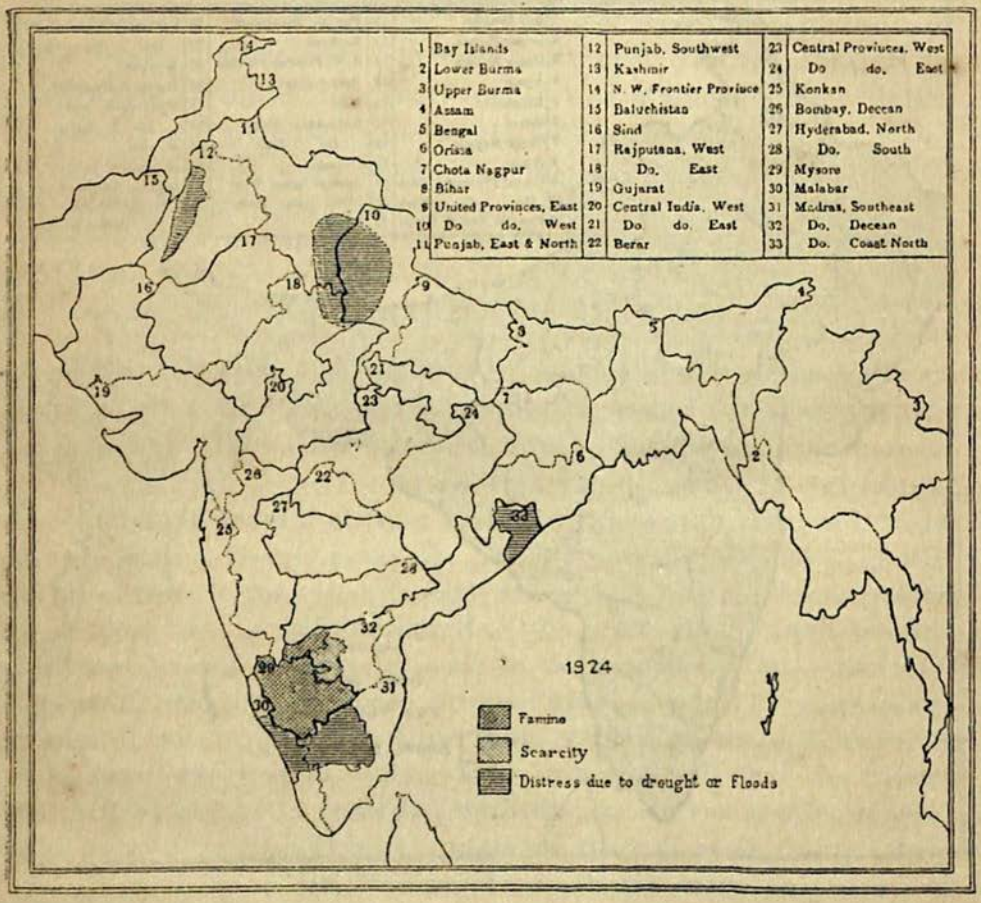


DIAGRAM No. 19.



by merely prohibiting the export of food grains, the food available for the sustenance of the masses would be increased. For it is in their lack of purchasing power, rather than in any shortage of food for sale, that the trouble really resides. Indeed, in contrast to the belief to which we have referred, there are some reasons for supposing that the export trade in food-stuffs, besides profiting those who raise crops for the foreign market, is of positive advantage to the country as a whole. The average net export for the years 1900-1922 works out at something like 3·1 million tons per annum. The quantity normally exported provides a valuable reserve which, in case of necessity, can be retained in the country by temporary restrictions. Its practical utility was amply proved in the circumstances of the monsoon failures of 1918-19 and 1920-21. Had it not been for the retention in India of food-stuffs grown for export, it is doubtful whether the country could have weathered these crises in a fashion so remarkable. It is further to be noticed that the cultivating interests never favour restriction upon the export of food grains; and only acquiesce in it for short periods when a serious failure of supply compels the authorities to adopt such a step. It is from the towns that the demand for restriction comes; and unless it be admitted that it is the duty of the country-districts under all circumstances to provide cheap food for the urban population, it seems difficult to believe that such a policy could be defended. For it must be remembered that so long as general economic conditions permit an ample supply of food grains at low prices in town markets, the demand for restriction of the export trade is never heard. During 1924, as during 1923, these conditions obtained throughout most of India. The cultivators profited by the export market; and the representatives of the urban population made no protest. Towards the end of the period under review, however, a slight upward tendency in the price of food grains led to the appearance of a few articles in the press of Northern India demanding that exports be restricted.

Would Restriction Help?

Town *versus* Country.

Generally speaking, the tendency of the year 1924 has been to maintain the cost of living at a steady figure, with a slight inclination to rise towards the close of the period. On the whole while the cost of living in 1924 showed a small increase over that of 1923, it was substantially below

Cost of Living.

the level of 1922. There was no corresponding decline in the general average of wages which, with their usual tendency to lag behind prices, still correspond to the requirements of the more expensive epoch. In certain industries, notably the cotton industry, there has been a slight reduction owing to depressed conditions, but, as a general rule, wages have remained high in proportion to the cost of living.

Labour Conditions in 1924 : Rural.

We may now briefly indicate certain of the principal factors which have operated to influence the condition of the rural and urban masses during the year 1924. Excellent harvests have continued, with the result that the price of food grains has been steady. Throughout the year there was ample work and good wages for the agricultural labourer, who now finds himself in a position of greater independence than he has for some time enjoyed. In many parts of the country, field and ordinary labour commanded higher wages than in 1923; and employers not infrequently voiced complaints against the "dictatorial" attitude of labour during the harvest season. The margin at present existing between the cost of living of the classes labouring for cash wages and the figure of their earnings, has made it a good year for them. The tendency noticed during 1923 towards joint action against the landlord for the purpose of maintaining wages at a standard level and exacting favourable conditions of work, has persisted. The Tenants' Unions or Kisan Sabhas which exist in various parts of India are reported to be strengthening their hold upon the agriculturists. They have on many occasions succeeded in exerting considerable pressure upon the landlords, for whom the year, on the whole, has been unfavourable owing to the high cost of labour and the low price of agricultural produce. Rural labour has, in short, enjoyed for the most part a good season. It should be noticed that the agricultural labourer works under conditions which differ considerably from those in the towns. The general level of his wages is lower than that of the urban worker; but he gets many things free for which the town labourer has to pay. He gets a house to live in; while he is working for his employer, he gets one or two meals a day and in addition he often receives such amenities as a ration of tobacco. Further, his monetary income is far from representing his total budget; for even when he is not working the whole day for his employer, his food is mainly produced by the labour of himself and his family.

Broadly speaking, these characteristics hold good for some 90 per cent. of the total population of India.

Urban Labour.

In the town, however, the situation is somewhat different. The monthly income of the individual represents by far the largest proportion of his assets; and when wages lag far behind prices, great economic suffering results. Generally speaking, the town population is the first to feel the pinch of poverty at such times as the price of food is high; and it is always from them that the cry is heard for the restriction of exports. The position of the town labourer is nevertheless, on the whole, strong. During the year under review he has been able to take full advantage of high rates of wages in combination with lower cost of living. Skilled labour in particular has enjoyed the advantages derived from high demand and low supply; while even the unskilled labourer has not found the market in which he competes overstocked. At present, both skilled and unskilled labour may be characterised, at least in comparison with western countries, as definitely unorganized. But both are realising the power they possess of bringing their grievances before the notice of the public by strikes which interfere with public-utility services. From such material as is available to the present writer, it would appear that there was comparatively little unemployment among town labourers during the year under review.

Middle Classes.

Unfortunately, this statement does not hold true of the middle classes. With their small fixed incomes, their large families and their increasing expenditure, they have of late years passed through a very disadvantageous epoch. Fortunately, the decline in the cost of living since 1923 has deprived them of much of the painful anxiety characterising their attitude throughout the previous period. The year 1924 has not, however, been favourable for them. The cost of food, clothing, and lighting has tended either to remain steady or to decline; but the middle classes have had to pay heavy rates for such labour as they happen to employ. This hits them hard; for they are usually debarred by social status from undertaking work of certain kinds. Worse still, the market in which they themselves compete for employment is chronically overstocked. During the whole of 1924, middle-class unemployment would seem to have been serious. Regrettably enough, no statistics are available, but complaints to this effect frequently appear in the press. In general, it may be said

that the middle classes are in a far less favourable position to adapt themselves to a change in the economic situation than other workers. Their traditions do not allow them to look beyond a very restricted number of professions, in all of which at present the vacancies are far exceeded by the applicants. Moreover, the same tradition, which compels them to maintain, at whatever cost to themselves, an appearance of respectability, prevents them from combining like the labourers for the improvement of their prospects. There can be little doubt that middle class unemployment is among the most serious problems which confronts the administration in India to-day; and the rigidity of the social and economic tradition preserved by these classes seems likely to make its solution a matter of infinite difficulty.

Economic Condition of the Masses.

The problem as to whether the Indian masses are becoming poorer or richer under British rule is one which has for long occupied the attention of public men in India. The older generation of Indian economists were inclined to take a supremely pessimistic view of the situation; and to ascribe to the imperfection of the present administrative system a number of short-comings which are bound up with very deep-lying causes. Of late, there has arisen a school of economists who have approached the whole question in a more dispassionate spirit. Generally speaking, they say that there is some evidence which would point to a growing prosperity rather than an increasing poverty on the part of the Indian people. The multiplication of third class passengers on the Railways during the last decade indicates that more money is available after the bare necessaries of life have been met than was previously the case. The recently increased absorption of rupees, which four years ago threatened the whole currency system of India with inconvertability, combined with the growing employment of silver for purpose of adornment by classes of the population accustomed within living memory to the use of baser metals, would seem to point in the same direction. Perhaps more important as contributory evidence to a growing economic stability, is the manner in which the agricultural population has recently survived both scarcity and famine. During 1921, the proportion of the total population in receipt of relief was considerably less than 3 per cent. throughout the whole area, widespread

Evidence of Slow Improvement.

Indirect.

as it was, affected by monsoon failure. Few things were more striking during this period of distress than the fact that even the depressed classes of the population, who had been accustomed in times of shortage to subsist upon seeds and roots, were able to purchase corn when the price was 4 seers to the rupee.

There is in addition a certain amount of direct evidence which points to an amelioration, real if slight, in the economic condition of the Indian masses. Any statement of the average income per head of the Indian population must be received with reserve; first, on account of the remarkable variety of climates and conditions characterising various parts of the Indian sub-continent; and secondly, on account of the difficulty of estimating the true economic resources of the average individual in a country which is passing by unequal transition in different localities from a natural to a monetary economy. The estimation of the average income for all India which was made at the close of the last century worked out to some Rs. 30 per head per annum. This was reckoned as a minimum rather than a maximum computation. It is often repeated by Indian publicists as affording some guide to the average income to-day. There is good reason, however, for holding that it no longer possesses any general applicability. In Madras, for example, the Statistical Branch of the Department of Agriculture published a short while ago a careful estimate of the income earned by agriculturists in the form of agricultural products throughout the presidency. According to this computation the average income per head worked out at a little over Rs. 100 for the 42·3 million persons of the Madras Presidency. Investigations pursued in Bombay have yielded results not dissimilar. The net *per capita* annual income, arrived at by dividing the gross income of a family *minus* agricultural and business expenditure by the total number of persons in the family, works out at about Rs. 100 for urban localities; and for rural areas at about Rs. 75. For some time there have been increasing demands on the part of Indian political opinion for an elaborate and authoritative investigation into the question of the average income for all India. The Administration were inclined to doubt whether such an enquiry, which must be protracted and costly if it is to be of value, would justify itself. But in response to the demand, a Committee has recently been appointed under the Chairmanship of Sir

Direct.

Estimate of Average Income.

M. Visvesvarya to investigate the materials upon which an extended enquiry could be based. This Committee had not yet reported at the time of writing.

Some interesting figures are already available regarding the improvement which has taken place in the wages paid to labour.

Labour's Increased Wages.

Throughout the Presidency of Bombay, the daily average wages of field labourers have risen from 4 annas 9 pies in 1913 to 9 annas in 1922. The wages of unskilled labour in district headquarter towns have increased during the same period from 6 annas 3 pies to 12 annas. Skilled labour reflects, as is only natural, the same tendencies in its own degree. For the Bombay Presidency as a whole the daily average wages of skilled labour rose from 13 annas 9 pies in 1913 to Rs. 1-10-9 in 1922. Further, in connection with these wages it is important to notice that the cost of living throughout the Bombay Presidency now stands at only 154 as compared with the normal of 100 in July 1914. Thus while the cost of living has increased by 54 per cent. during the decade ending 1922, daily average wages have roughly doubled. An interesting parallel to this condition of affairs is exemplified in the results of a recent wages survey undertaken in a part of India whose conditions differ widely from those obtaining in Bombay, namely the Punjab. In the case of unskilled rural labour, the average daily wage in the year 1912 was roughly 6 annas. In 1922, there were two predominant wages, one about 8 annas, and other about 12 annas. The most common rate for unskilled labour in the Punjab towns has risen from about 6 annas a day in 1912 to about 12 annas a day in 1922. In the case of skilled labour, such as workers in iron and hardware, brass workers and carpenters, the average daily wage has risen from about 16 annas in 1912, to between 32 and 40 annas in 1922. During the same period the price of foodgrains has risen from about Rs. 3 per maund to about Rs. 5 per maund. It would seem therefore, broadly speaking, that the position of labour in the Punjab, has, like the position of labour in Bombay, tended to improve during the last ten years.

But although it seems quite possible to maintain with fair degree of certainty that the masses of the Indian population, at least in some parts of the country, are gradually improving in their economic conditions, it must be borne in mind

Striking Poverty is General.

that a very large proportion of the inhabitants of India are still beset with poverty of a kind which finds no parallel in the more exigent climates of Western lands. The Bombay estimates to which we have already referred indicate that the poorest classes of the population were compelled in 1921 to spend 68 per cent. of their income on food, and 15 per cent. on clothing. Another 11 per cent. went on compulsory expenditure of various kinds, leaving only 6 per cent. for voluntary expenditure, including amusements, luxuries and even education. An investigation conducted into the working class budgets in Bombay city itself showed that out of a total family income averaging just over Rs. 52 per mensem, 56·8 per cent. was spent on food, 9·6 per cent. on clothing, 7·7 per cent. on house rent, 7·4 per cent. on fuel and lights, and 18·5 per cent. on miscellaneous activities. The general impression which is created by a study of such data as are available leads to the conclusion that such improvement in the condition of the masses as is actually taking place proceeds with painful slowness. As a natural consequence, the Administration is frequently blamed for apathy and carelessness;

The Administration blamed.

and the backwardness of the country from an industrial standpoint has long been a standing grievance on the part of the educated classes. Of recent years these classes have been demanding with increasing vehemence a policy of State subsidies for industries; the compilation of elaborate statistics of production and consumption; the creation of a nation-wide organisation for the encouragement of agricultural and industrial development. The British Government is often attacked because it has failed to do these things in the past. The explanation for this omission is, however, comparatively simple. The taxation which can be levied by any Administration

The Real Truth.

situated as is the Government of India, is for political reasons strictly limited. At present it stands in the neighbourhood of 12 shillings per head. As a result there has been very little money to spare over and above the bare essentials of the administrative services. Government has indeed spent a large amount of money on the development of railways and of irrigation; but for the rest, has found the funds at its disposal severely restricted.

If the poverty of India were due to the expenses of her Government, there might be some hope that the changes now being intro-

duced by the Reforms would lead to early and widespread improvement. But the Indian masses are not ground down by the exactions of an extravagant Administration. In point of fact, they can barely support the cost of a machine which limits its functions to the most elementary services. The real truth is that the undeniable poverty of India arises principally from the fact that the country is governed by a tradition which does not recognise the production and accumulation of wealth as being among man's legitimate aims. Accordingly, the prevalent social system does not encourage either the habit of mind or the method of life upon which the successful pursuit of material prosperity in the last resort depends. It is quite permissible to maintain that the deep-lying religious sentiment which causes the vast majority of Indians to regard their present lives as relatively unimportant in the great fabric of past and future, embodies something nobler and more enduring than the material ideals of the Western World. But from the point of view of the economic development of the country, such an outlook is far more of a hindrance than of a help. This attitude has persisted for centuries among hundreds of millions of people; and even supposing that there had been a certainty in the minds of British statesmen that to disturb it was their duty, the task has been far beyond the resources which any Government organised on the present basis could hope to command.

Why is India Poor?

An Uneconomic Tradition.

This tradition is the root cause of the poverty, which means the low productiveness, of India. The average Indian peasant compares very badly with his compeers of other countries in this respect. Generally speaking, he has inherited from his forebears nothing of the immense wealth which in Europe is handed down to the present day agriculturist in the form of improvements, reclamations, and working capital. His resources are very small; his implements rudimentary in the extreme. He prefers to carry on his day to day existence with such materials as lie ready to his hand, rather than strive, at greater cost to himself, after a higher standard of living. He will cheerfully lavish his poor resources upon the task of keeping his mud buildings and his primitive implements in working order by a process of annual patching, but will not make the small additional sacrifice necessary to replace them by structures

Low Productiveness.

and tools of lasting value. He is generally illiterate; and his ignorance is exploited by others. Further, since the fecundity of India is very great and there are no prudential restraints whatsoever, the population tends to multiply up to the very margin of bare subsistence. The number of mouths increases year by year; so that India is now supporting a population greater than any she has known before. At the same time, numerous social institutions, such as the Hindu joint family system, whatever be their merits from other points of view, afford little encouragement to individual initiative, and penalise the able and the industrious to the benefit of the lazy and the incompetent.

But no explanation of the low productiveness of the Indian masses would be complete, without some account of the widespread prejudices which operate so uneconomically among them. Throughout India at large manual labour is still associated with loss of dignity; with the result that whole castes avoid production, and are devoted to callings which add little or nothing to the wealth of the community. For example, the number of religious mendicants who subsist upon the charity of the poor is so large as to impose a burden which many countries more wealthy than India would not dream of sustaining. Moreover, the social life even of the poorest workers is characterised by what from the economic point of view can only be described as recklessness. Generous expenditure is incurred upon festivals, on marriages, and funerals. This must militate seriously against the accumulation of working capital. Probably in no country in the world where the average production is so low, do the inhabitants expend so large a proportion of their resources upon social obligations. Nor is it only social sentiment that has operated to prevent the systematic accumulation of wealth both in the past and in the present. Religious sentiment must further be reckoned among the obstacles to immediate economic progress, for it prevents the consumption and production of very valuable food. As a result of the almost universal veneration for the cow, horned cattle cannot be exploited to profit, and they have become a serious drain upon the economic resources of the country. At the Bangalore meeting of the Board of Agriculture in 1924, it was estimated that out of the 146 million bovine cattle in British India, 16 million oxen and 8·5 million cows were, allowing for all deductions, entirely superfluous. The cost of main-

Cramping Prejudices.

Religious Sentiment.

taining them amounts at a minimum figure to Rs. 176 crores. This annual economic loss is over four times the entire land revenue of British India. Further, animal manure, particularly any form of bone meal, cannot be employed by a majority of the Hindu farmers because caste restrictions prevent their handling it. Since a great deal of animal manure is burnt as fuel, or is otherwise wasted, the ground becomes progressively impoverished. Indeed, while much is taken out of the soil, very little is put back into it. Again, the respect in which the Indian farmer holds animal life prevents him from taking adequate measures to protect his crops against the monkey, the flying fox, the squirrel, the jackal, the porcupine and the rat. Some authorities have estimated the annual economic loss from the depredations of these creatures as being greater than the total revenue of British India. Also, the diet prescribed by religious sentiment for large portion of the Indian people would be accounted in a Western country as definitely uneconomical. Milk and clarified butter are considered among the bare necessities of life; but even a wealthy country does not use butter in the wasteful manner common in India. Large quantities of cocoanut oil are annually exported from India to Europe, where they are manufactured into a butter substitute which religious sentiment prevents India herself from consuming. Even more serious is the waste of valuable resources throughout India owing to social tradition which prevents the employment of female labour on anything like an adequate scale. In the parts of rural India where the purdha system prevails, half of the population is restricted to work within the home and is not available even in periods when labour is in demand for farm work. But so deeply ingrained into the Indian mind are the customs of segregating women and of discountenancing female labour, that it is hard for the country to realise that no advanced industrial community of the West could possibly maintain its economic standards when 50 per cent. of its population were gravely hampered in their opportunities for production. We may notice, again, that early marriage causes young immature women to become mothers before they are old enough properly to care for their children. This leads not merely to high infantile mortality but also to the risk of lowered physique in the race. Insanitary customs and methods of living also contribute

Women's Productiveness Hampered.

Disgenic Customs.

their quota, with the result that the average expectation of life in India is pitiably short. Finally, the traditional organisation running through the whole of Indian life prevents the cultivators from eking out their resources by subsidiary pursuits. Even in advanced countries, the small holder would be hard put to it to make both ends meet if he did not devote a portion of his energies to industries such as poultry keeping, fruit growing and sericulture. But despite the fact that the cultivator in many provinces of India is obliged by climatic conditions to remain idle for more than one-third of the total working days of the year, he has hardly begun to concern himself with the possibility of engaging in such subsidiary industries. This condition of affairs has been clearly perceived of late; and many Provinces are engaged in investigating the means of encouraging and propagating cottage industries. In this connection it is of course well known that Mr. Gandhi has laid very great stress upon the popularisation of hand spinning and hand weaving. Many persons do not agree with him in his estimate of the benefits which would accrue to the country, were his programme fully adopted; but it is at least obvious that his perception of the necessity of organising subsidiary industries to occupy those working days in which agricultural activity is impossible, is well founded.

Few Subsidiary Industries.

It will thus be realised that the problem of Indian poverty is truly staggering in its dimensions. It has its roots in certain long-standing customs and deficiencies, which inevitably make for distress as the population increases, since the available resources are confined within traditional limits by a hide-bound precedent. As time goes on, it may be hoped that increased development of these resources will gradually create a *per capita* figure of wealth sufficient for India's growing responsibilities as a nation. But unless individual initiative, combined with missionary effort on the part of the educated classes, can inspire the Indian agriculturist with the determination to better his position, it is not easy to see what any Administration can do, save to labour for the spread of scientific agriculture, for the encouragement of thrift by co-operative machinery, and for the education of the masses up to a point at which they will themselves realise the necessity for self-help.

Indian Poverty a Vast Problem.

Broadly speaking, the characteristics which we have noticed as typical of the masses of the rural population are true also of indus-

trial labour in the towns. One notable feature of the present organisation of industry in India is that the workers are predominantly recruited from the ranks of agriculturists. The Indian factory hand, like the Indian country labourer, is characterised by a very small output; and this not merely on account of his inefficiency, but also on account of his migratory character. In most industries throughout India, no real industrial community has yet established itself. Coming from long distances as the workers frequently do, they are prone to throw up one job for another on slight provocation; and even when they remain in the employ of one concern, they often spend a substantial portion of the year cultivating land in their own village. The result is an amazingly large turnover in practically all mills and factories, accompanied by an economic loss, which it would be difficult to compute. If this loss is to be avoided, and the efficiency of the workman raised, he must be encouraged to aspire to a higher standard of living, which depends, of course, upon higher wages, better housing, and improved conditions. So far as the first of these is concerned, there is reason, as we have already noticed, to believe that the margin of subsistence of the labouring classes is greater than at any previous period. For the rest, continuous efforts are being made both by private enterprise and by the State to improve the housing and general conditions of labour. In cities where Improvement Trusts exist, considerable attention is being paid to the provision of homes for the workers. Private employers are also realising the economic advantage of undertaking housing schemes. In several of the large commercial centres, European and Indian firms have set an honourable example in the care devoted to the conditions under which these labourers live. Progress has been made in the provision of creches and of women doctors to safeguard the health of female employees. There is a growing interest on the part of the general public in all large industrial centres in the health of the operatives, and organisations such as the Poona Seva Sadan Society, and the Servants of India, are performing a valuable function in focussing public attention upon such questions as housing, food supply, indebtedness, medical aid, educational facilities and the like, where ameliorative measures are urgently required.

Characteristics of Industrial Labour.

Welfare Work.

In this sphere the State is by no means backward. Reference has been made in previous Statements to certain important investi-

Activity of the State.

gations recently conducted into the conditions of labour. The Bombay Labour Office continues to undertake valuable enquiries and to publish its monthly

Investigation.

index figures of the cost of living for the working classes. An important technical enquiry has been concluded into the methods of humidification and ventilation employed in cotton mills and their effect upon working conditions. Moreover, as a result of the draft convention adopted by the International Labour Conference regarding the employment of women before and after child birth, careful investigations have been instituted into the condition of women workers by several local Governments. But the most important of the functions which the State is performing on behalf of labour falls under the head of

Legislation.

legislation. In 1922, the whole law relating to factories was revised, and the new Factories Act provided, among a number of other reforms, for the introduction of a 60 hour week, the raising of the minimum age of children from 9 to 12, a large extension of the definition of " Factory ", and a complete prohibition of night work for women.

The New Factories Act.

Further, slight amendments in the Act were made in 1923. The Provincial Reports on the administration of the new measure indicate that the reforms have been introduced for the most part smoothly. The effect of the changes may be gathered from statistics. The number of factories which stood at 4,059 in 1921 has risen to 5,985; the increase being in large measure due to the inclusion of a number of institutions of a quasi-agricultural type engaged in the manufacture of tea, coffee, and indigo. As the great majority of these newly registered factories employed comparatively few persons, the increase in the factory population has not been on the same scale. The total number of factory workers in 1921 was 1·27 millions. In 1923 it was reported as 1·41 millions, an increase of nearly 11 per cent. The number of women employed has risen from 187,000 in 1921 to 221,000 in 1923; the increase being attributable to the fact that the small factories now included depend to a greater extent than larger factories on women labour. When allowance is made for this, there is reason to think that the factories employ proportion-

ately fewer women than they did in 1921. The number of children employed has increased from 68,000 in 1921 to 75,000 in 1923. But these figures give no indication of the change in the actual amount of child labour used in the factories now included. In Assam alone, over 11,000 children are employed in Tea factories formerly excluded from the Act; and when allowance is made for the effect of the inclusion of the additional factories, it appears plain that children have been excluded from employment in fairly large numbers. This is illustrated by the case of Cotton Spinning and Weaving Mills, in which the number of children employed has fallen by nearly 25 per cent. since 1921. Here, the decrease has been assisted by vigorous measures designed to prevent children from working in two factories on the same day; and the success of these measures in the centres where the practice is most common, affords ground for hope that the abuse may be stamped out. The exclusion of children in the newly registered factories has probably been on at least as large a scale. It should be noticed that the Act of 1922 did not exclude children between 9 and 12 who had actually been employed a year before it came into force, so that a number of these children were able to remain in employment during 1923. Hence, the full effect of the reforms cannot be estimated from the figures of that year. The statistics of the hours of work show that the percentage of factories maintaining a week of 48 hours or less for men is 27; in 13 per cent. more, the men employed work 54 hours or less. The proportion of factories working in excess of 54 hours is 60 per cent. For women the corresponding percentages are 31, 14 and 55. The movement towards shorter hours is most marked in Bengal and Assam, in both of which Provinces the hours of work for women are 48 or less in the majority of factories. In Bombay, a greater proportion of factories appear to work up to the limits permissible under the Act both for men and women. The maximum weekly hours for children are 36, and it is satisfactory to note that 43 per cent. of the factories employing children limit their work to 30 hours or less. The question of ventilation in factories is receiving increased attention. In the Central Provinces, owners of Ginning Factories were supplied with illustrations and an explanation of a special dust extracting plant; but it is reported from the Punjab that the expense

Women and Children.

Hours of Work.

Ventilation.

of the plant has prevented its adoption in that Province. In some quarters, the opposition of the operatives to better ventilation appears well confirmed; and it is stated that the workers themselves frequently close the available windows or fill them with cotton. On the other hand, both from Bombay and the Central Provinces come reports that the effect of improved ventilation is to produce a more contented labour force. The installation of ventilating plant, the regulation of hours of work, the provision of a weekly holiday, and the other means adopted to improve conditions, appear in some cases to have converted staffs previously discontented into a body of well satisfied operatives.

The Mines Act.

In addition to the amendment of the Factories Act, the Mines Act has also come in for a drastic revision. The chief reforms introduced into the new Mines Act of March, 1923, were the prohibition of the employment of children under 13 years, and the prevention of their presence below ground; the restriction of the hours of labour of adults to 60 hours a week above ground and 54 hours below ground; and the prescription of a weekly day of rest. Increased penalties have also been provided for disobedience of orders resulting in death or serious injury to workmen. At the same time, by an enlargement of the definition of "Mine", the scope of the Act has been greatly extended. The Act also makes it possible for Government to prohibit employment of women below ground. Since the total number of women employed in Indian Mines is over 80,000, and of these 63,000 are employed in coal mines, where they constitute about 35 per cent. of the labour force, the problem of exclusion is one of considerable difficulty. The question has been referred by the Government of India to local Governments, and it formed the subject of keen discussion by the interests concerned during the period under review.

Women in Mines.

Workmen's Compensation.

The most important event in the labour world during the year 1924 was the coming into force of the Workmen's Compensation Act on the 1st July. This measure includes practically all the employees in factories and mines and on railways. It also extends to a number of other occupations, covering upwards of 3 million workers. There are several factors which render the operation of a measure of this kind difficult. In the first place, industrial labour is largely migratory, being

agriculturist at heart. The workmen serve industry for only a portion of their lives and expect ultimately to return to their villages, which may be hundreds of miles away. Secondly, the ordinary workman is not in a position to enter into expensive litigation, nor has he any organization to assist him in carrying through a protracted case. In spite of this, the tendency to litigation is far more pronounced in India than in western countries. Thirdly, there is a paucity of qualified medical men. All these difficulties have been realised in the framing of the Act, which in some of its details differs widely from typical European measures designed for the same purpose. But the introduction appears to have been effected smoothly; and the measure is generally recognised as one for which there was a real need. A pathetic confirmation of this view is afforded by the occurrence, in the first month of the operation of the Act, of the most serious accident which has yet happened in an Indian factory; when owing to the sudden collapse of a portion of a Mill in Ahmedabad, some 30 lives were lost. The Workmen's Compensation Act, together with the measures described above, demonstrate the importance which the Government of India now attached to labour legislation. As indicating the generally liberal attitude of law-making upon this subject, we may refer in passing to the measure already described in a previous chapter, abolishing the penalties formerly prescribed under the Criminal Law for a breach of contract by workers in certain conditions.

Among the most interesting of the attempts now being made by legislation to safeguard the interests of the Indian workers is the recent introduction of a Bill for the protection and registration of Trade Unions in India.

Protection of Trade Unions.

In the course of the year 1921, Labour Unions came prominently before the notice of the general public on account of the magnitude and frequency of the strikes which took place. But the development of the Trade Union movement has been largely conditioned by the peculiar characteristics of the Indian labour. The Indian workman is predominantly illiterate, and has few leaders from his own class to whom he can turn for guidance. In consequence, trade unionism in India has been largely led by middle class men, professional lawyers and others, who have not in all cases distinguished between economic and political considerations. Moreover, with the exceptions of the

Growth of the Trade Union Movement.

Unions which have been built up in the larger towns, on the railways and in some public utility services, the majority of these bodies still bear the mark of their origin as strike committees. Very often as soon as a strike is settled, the Union disappears, since it has no regular constitution or definite subscription; no system of auditing or publishing accounts and no funds for providing help to women and children in time of distress. As a result, the progress of the Trade Union movement during the last few years has been disappointing, its existence being too much bound up with the occurrence and successful conduct of strikes. When the workers possess definite and real grievances; and particularly when there is a marked gap between nominal wages and the cost of living, the inchoate combinations generally characteristic of Trade Unionism in India, are comparatively effective. But when economic stringency begins to pass away, the bond which unites the workers constituting all but the few really well organized Unions in India, tends greatly to weaken. This tendency, already noticed in 1923, continued to prevail during the period under review. The Trade Union movement made but little progress, and in some places actually received a set-back. The interest of the operatives in the movement diminished; and all but the better conducted Unions suffered a considerable loss of membership. Until attention is paid to the construction of permanent organizations on a sound financial basis, the Trade Unions of India cannot be expected to make much progress, except in important periods of protracted and acute industrial struggle. During 1924, there was a considerable diminution of industrial unrest; the total number of strikes reported during the year was 132 as against 214 in 1923 and about 400 in 1921. The great majority of the 1924 strikes were shortlived and unimportant. There was, however, a serious strike early in the year. For some time, the Bombay mill-owners had been accustomed to pay in the middle of January a bonus to their operatives. In July, 1923, they announced that owing to bad trade, they would be unable to declare a bonus at the usual time. This decision, though it came as a disappointment to the operatives, resulted in no cessation of work until the middle of January, 1924, when demands for the bonus led to the commencement of strikes in certain mills. The strikes

Weakness of the Movement.

Unrest in 1924.

spread rapidly, and by the close of the month, the operatives of practically all the cotton mills in Bombay city and Island had joined. Following the report of the Committee of Enquiry appointed by the Bombay Government, the strike collapsed on the 25th March. Many of the operatives had then left for their villages, and about another month elapsed before the Mills were again working at full strength. The total number of operatives affected were over 1,60,000, and the number of working days lost was in the aggregate close upon 8 millions. The circumstances of this strike were remarkable. Among the very large number of operatives affected, there were scarcely any trade-unions. None the less, the strike was protracted, and the general freedom from acts of violence was noteworthy.

The Trade Union Bill.

The legislation to which we have referred is designed to provide for the registration of Trade Unions and in certain respects to define the law already existing. The subject was first raised in the Assembly in 1921 as a result of a decision of the Madras High Court which seemed to threaten the activities of those who organised Unions for the purpose of improving the status of labour. The proposals made by Government were in the interval widely circulated throughout the country, and in the light of the opinions received, a draft Bill was prepared and published in September, 1924. The Bill, as introduced in February, 1925, offers to all *bonâ fide* Trades Unions the opportunity of registration, which involves certain liabilities and confers certain privileges. These liabilities and privileges are alike confined to registered Unions; and the legal position of unregistered Unions or other Associations is left unaffected by the Bill. As regards liabilities; the Bill requires registered Trades Unions to frame and supply rules in respect of certain specified matters; to have their accounts audited; to include in their executive a majority of persons actually employed in the Industry with which the Union is connected; and to confine expenditure of their funds to certain specified objects. As regards privileges, the measure will protect the officers and members of Trades Unions from liability in respect of breaches of contract or restraint of trade arising from acts done in furtherance of trade disputes; registered trade unions will enjoy a large measure of protection from liability for the tortious acts of their agents; and their officials will receive a certain measure of protection from prosecution for criminal conspiracy in

respect of trade disputes. The Bill has been referred to a Select Committee which has not yet presented its report.

Private Bills.

The attempt to ameliorate the position of labour by legislative enactment has not been confined during the period under review to Government. Two private Bills were introduced in 1924 into the Legislative Assembly; Mr. N. M. Joshi's Maternity Benefit Bill is designed to secure maternity benefits for female workers in Factories, Mines and Estates, and Mr. Chamanlal's Weekly Payment Bill is designed to encourage the payment of wages on a weekly system. The Assembly was unwilling, without further consideration, to commit itself to the principle of either Bill, and both projects are now being circulated for opinion.

International Labour.

As a member of the League of Nations, India has of late been obliged to consider and take action upon various draft conventions affecting labour. These conventions have been of considerable influence in shaping the provisions of the Factories and Mines Acts, to which reference has already been made. A convention designed to safeguard young persons employed at sea has also been approved by the Indian Legislature. India is now reorganized as among the eight chief industrial States of the world. Her obligations from the international stand-point are on the increase. She was represented at the sixth session of the International Labour Conference at Geneva in June and July, 1924; which adopted a recommendation concerning the development of facilities for the utilization of workers' spare time. This recommendation contained nothing to which objection could be taken on the grounds of principle, and it was forwarded for necessary action to the local Governments, who are responsible for the administration of the subjects with which it deals. As regards other items on the agenda, the Conference followed a new method, by which three draft conventions and a recommendation were provisionally approved and postponed for consideration at the next Conference. The three draft conventions and the recommendations provisionally adopted concern equality of treatment for national and foreign workers as regards workmen's compensation; the weekly cessation of work for 24 hours in glass manufacturing processes where tank furnaces are used; and a draft convention on night work in bakeries. The new procedure has been designed to enable various countries to give full consideration to

any proposals which may be made and to ensure that their delegates will have adequate instructions before the final votes are recorded. The next Conference will decide which of the above proposals and in what form are finally to be adopted.

From the survey of conditions presented in the preceding pages of this chapter, it must be plain that the most pressing need of India to-day is a systematic movement for the uplift of the masses, both urban and rural. The stimulus to such an uplift does not at present exist among the people themselves; and the Administration alone cannot do very much to encourage it. If success is to be achieved, continuous efforts on the part of the authorities must be supplemented by an impulse towards self-improvement on the part of the masses. Perhaps the most powerful stimulating agency in this direction is to be found in the co-operative movement. This movement is only some 20 years old and the progress which it has achieved in this short time may be gathered from the diagram on the opposite page. It was originally introduced into India with the object of providing capital for agriculture, but it soon became clear that what the country really wanted was not so much capital as instruction in the wise use of it. As we have already noticed, there are few things more important for the economic welfare of the nation than the encouragement of thrift; co-operative societies now place this aim among their primary objects rendering valuable service by the collection of small shares, by receiving deposits, and by attempting to induce members to make compulsory contributions for special purposes. Further, agricultural non-credit societies are playing an increasing part in the rural life of India. They deal with such matters as the joint sale of agricultural produce, the production and sale of implements and manures, the furtherance of irrigation projects, and the consolidation of holdings. They open dispensaries and schools; they assist the Agricultural Departments in spreading improved methods of cultivation; they maintain communications; they build new roads.

The Co-operative Movement.

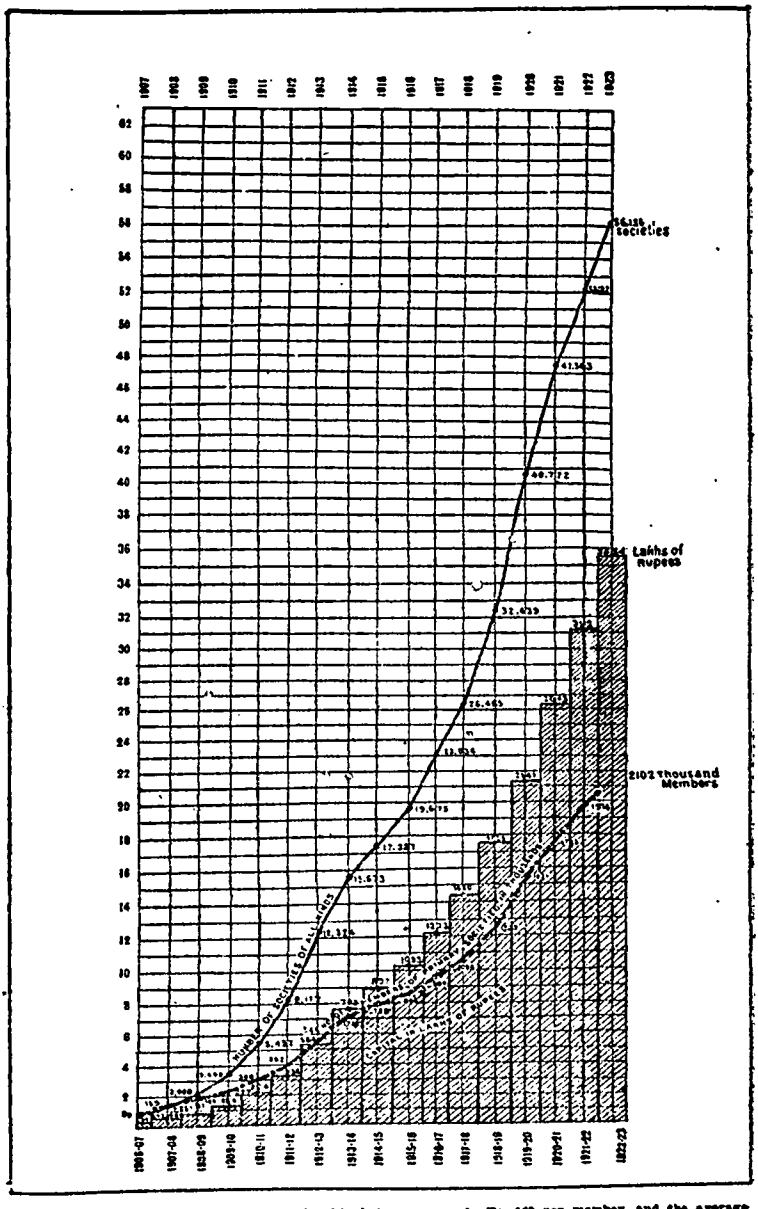
Aims and Achievements.

The steady growth of public confidence in the potentialities of the movement is well exemplified by the manner in which it has survived the troubles of recent years. During 1921-22 in particular, the whole political atmosphere of India was antagonistic to the purpose and

Steady Progress.

DIAGRAM No. 20.

Progress of Co-operative Movement in India, 1907-23.



Note.—Capital is increasing faster than membership, being now nearly Rs. 149 per member, and the average membership per society is now 37 The capital is Rs. 4,221 per society.

ideals underlying co-operation. Despite these unfavourable conditions, the movement continued to maintain satisfactory progress. It is still but at the beginning of its career; for at the end of the year 1923-24, the latest date for which complete figures are available, there were only 61,106 societies of all kinds throughout the country. This gave for British India an average of just over 23 societies for every 100,000 inhabitants and for the four Indian States, Mysore, Baroda, Hyderabad, and Bhopal, where the co-operative system has taken root, an average of just over 21 societies per 100,000 of the population.

The Punjab.

In certain provinces, the scope of the co-operative movement has extended to a remarkable degree. In the Punjab, for example, it no longer confines itself to the provision of rural credit; but includes in its embrace all the problems that arise in the application of economics to agriculture. With its aid, a real school of rural economics is being constructed. Among the more prominent of its activities, we may mention the consideration of agricultural holdings. The work which is being done in uniting the strips of cultivation scattered between different landowners in certain Punjab villages has attracted the attention of economists all over India; and other local Governments are now considering the question of applying the co-operative movement within their areas to the same benevolent end. In one village, consolidated two years ago, the rent of the area treated is reported to have doubled. In another, 62 acres of old waste have come under cultivation as a result of adjustment. It is claimed that in another area, as a result of repartition, 1,750 acres of waste, which was previously tiny scattered plots, unsuitable for ploughing, has come under cultivation. In a further direction also, the co-operative movement in the Punjab has broken valuable ground. Here, as elsewhere, the ordinary village society is only in a position to finance loans which can be repaid within a year. But for redeeming the heavy mortgage debt of the Province, and for financing large schemes of agricultural expansion, longer term credits are required. A commencement has been made to meet these cases by the creation of a Mortgage Bank assisted by Government. Proposals have recently been made for the establishment of a Provincial Co-operative Bank which will enable the Central Banks to obtain more credit than at present. Another notable direction in which advance is proceeding is that of co-operative

marketing. Co-operative Commission Sale Shops have been established in Lyallpur, which advance 75 per cent. of the value of all grain which has been brought in. As a result, the landowner is relieved from the necessity of disposing of his grain at an artificially low price immediately after harvesting, and can afford to wait until the market rate represents a fair return. He is also released from the grasp of Commission agents to whom, in return for loans, he was previously compelled to dispose of his crops at far less than their real value.

United Provinces.

In the United Provinces, during the period under review, the Co-operative Department has mainly concentrated on the task of consolidating the progress already achieved. No new society is now registered unless the Circle Officer has inspected it twice on the spot and found everything satisfactory. Both membership and working capital show a gratifying increase; and the financial position of the movement is claimed to be sound. There are a large number of honorary workers, many of whom take a lively interest in the activities of the Co-operative Department. But the Registrar reports that the movement has as yet scarcely seriously affected the masses in whose interest it is designed. Some of the difficulties at present encountered are the legacy of early enthusiasm, when advances were permitted to be made for almost all conceivable objects in more or less reckless fashion. But the part which the movement is playing in the life of the Province is certainly on the increase. During the year, a Provincial Conference, attended by a fairly large and representative gathering of co-operators was held at Benares. This excited considerable interest, which was increased by the organisation of a handicrafts exhibition. A number of useful resolutions were passed and the meeting was pronounced a success.

Bihar and Orissa.

In Bihar and Orissa, it is remarked that the Co-operative Department serves, to some extent, to focus the activities of other branches of the administration. The Agricultural Department, for instance, finds it useful to introduce improvements in agriculture through the medium of co-operative societies. A notable experiment in this direction, during the year under review, was the formation of a society to undertake joint farming on a large scale in Chhota Nagpur. Similarly, the Department of Industries can often more easily

improve the conditions of certain trades when the artisans form themselves into co-operative societies. During 1924, additional societies were opened among the brass and bell-metal workers of Puri and Cuttack. The opening of societies for members of the depressed classes has a moral and educative as well as an economic value. In 1924, fresh ground was broken in this direction. In the main, however, the co-operative movement aims at the removal of agricultural indebtedness, and out of 904 new societies registered during the year, no less than 838 were agricultural societies. As a result of the recommendation of a Committee which towards the end of 1923 considered the arrangements for the future control of the co-operative movement, the number of Assistant Registrars has been increased, and various recommendations for the improvement of the audit system are in process of being carried out. One gratifying feature of the progress of the movement is the settlement of disputes between co-operators by arbitration. This tendency, it is hoped, will gradually constitute a check upon the evil of litigation.

Bengal.

In Bengal, the expansion remarked in preceding years has been fully maintained during the year under report. Co-operative money is now available in its own slack season for other than co-operative enterprise, and the profits from its use are considerable. An interesting feature which has lately come to light is the tendency of money lenders to use co-operative central institutions for investment; presumably with a view to sacrificing a higher rate of interest for greater safety and ease of collection. The improvement of the working of societies has received careful attention. The dismissal of dishonest office-bearers and expulsion of refractory members; insistence on realization of bad debts and the splitting of unwieldy societies, have all produced their effect. In order to facilitate closer supervision and better local arrangements, seven new central banks were formed during the year. In the Presidency division, a novel type of society has been formed with an ambitious programme which is designed to secure a large tract of land with the object of alloting it to members of middle class families. The main aim of the society is to effect a solution of the prevailing problem of middle class unemployment. It proposes to start as adjuncts a dairy farm, an agricultural college, a polytechnic school and a hospital, with other amenities of town life. It is yet to be seen whether the

experiment will succeed. The co-operative irrigation movement made rapid progress, and there was a large increase in the irrigation societies. In order to cope with the demand, a large expansion of the departmental staff and some addition to the engineering staff are now under contemplation. The co-operative milk societies and the Union to which they are affiliated fully maintained the position already won. A most satisfactory feature of the progress of these societies is the steady advance made by them towards achieving financial independence. The Union is now dependent on outside sources for little more than one-fourth of its working capital, while 72 per cent. of the societies have been able to conduct their business with their own capital.

Madras.

In Madras, the progress made by the Co-operative Department, both in the formation of new societies and the development of those registered in previous years, was very satisfactory. There was a large increase in the number of members and in the amount of share capital, of working capital and of reserve fund. The steadily increasing efficiency of many of the local supervising Unions gave evidence of the success of the policy adopted by Government of transferring, within statutory limits, the control of primary societies to non-official organizations wherever such a course is practicable. The division of the subordinate staff of the Co-operative Department has resulted in a distinct improvement in the quality of the audit of societies' accounts. Some noteworthy features of the Co-operative movement during the year were the increased activity of building societies stimulated by financial help from Government; a marked development in the organization of labour societies; and an increase in the number of societies formed by cultivators to enable them to hold up their crops for a favourable market and for the joint sale of their produce. The Labour Societies were formed to provide work for their members; and many were able to get contracts from local Boards, Municipalities and Government. The co-operative movement also made satisfactory progress among the depressed classes during the year.

Bombay.

In Bombay, owing to the unfavourable nature of the season and to certain other causes, a cautious policy had again to be followed with regard to registration of new societies. There was nevertheless a gratifying increase both in the number of societies and in the roster of members. It is

reported that, thanks to the great amount of propaganda work undertaken, the principles of co-operation are now better understood than in the past; and in several parts of the Presidency, the movement has become really alive. An interesting feature of the year's work was the performance of a co-operative drama, which depicted the advantages of the movement as well as the shortcomings of the existing societies. This was performed in various parts of the Karnatak and attracted wide attention. On the agricultural non-credit side, valuable work has been done by the implement societies. The societies for the hiring of cane crushers; for the maintenance of oil engines for lifting water; and for the co-operative sale of castor oil cake and other commodities, are doing well. Co-operative sale societies, particularly those which deal with cotton, are making a large turnover and constitute one of the most promising developments of the movement. Last year, these societies sold cotton to the value of Rs. 53½ lakhs. Another interesting feature of the co-operative movement in Bombay is the development of co-operative banking. The movement has set before itself the aim of erecting in every considerable town and in every district, banks which will help the artisan, the small professional man and the small trader; and which will, at the same time, by popularising credit and the instruments of credit, abolish the present difficulties of conveying money from place to place. In view of the widespread illiteracy of the cultivator, which so greatly impedes progress, it is probably at present of the first importance to spread modern banking facilities as rapidly as possible; and thereby prepare and arm the people for the new era of commercial agriculture into which they are already beginning to enter. During the year under review, the urban banks to the number of 39 did a large amount of banking business; and several of them, by obtaining cash credits and overdrafts from Provincial and District Banks, were able to handle cheques and promissory notes. It is, however, remarked that their turnover is not yet sufficiently rapid; and that, in many cases, the staffs are not sufficiently trained. In this latter respect, however, an appreciable improvement has taken place in the course of the year under review. The focus of the non-official co-operative opinion and activities of the Presidency is supplied by the Co-operative Institute, which includes among its membership both individuals and societies. It holds conferences, inspects bad societies; organizes public lectures; and carries on both propaganda work and elementary

training. A particularly fruitful branch of development is the provision of night schools which are now flourishing in certain parts of the Presidency.

Central Provinces.

In the Central Provinces, the financial position of the co-operative movement showed some improvement; that of the Provincial Bank being of considerable strength. But the condition of the rural societies continued to be unsatisfactory; and the total number of societies of all kinds showed a decline both in numbers and in membership. It is also reported that the Co-operative Store movement showed little animation. Owing to the large amounts due for collection, the statistics of arrears present an unnecessary gloomy appearance; but it is remarked that what is really necessary is the careful fixation of instalments in consultation with the societies, so that the amount due in any year should be within the paying capacity of the members.

Burma.

In Burma, it is remarked that the year 1923-24 has been one of successful progress for the co-operative movement. The Co-operative Council has been de-officialised; the Agricultural and Co-operative Associations have been further developed; and a scheme is being evolved for the granting of credit facilities by the Imperial Bank on the security of societies' pronotes. Since the introduction of the movement, the progress has been striking; and its effect on economic and social conditions is undeniable. But if co-operation is to have lasting effects it must stand more and more on its own feet. Government has done what it can to inculcate the main qualities which co-operation requires, namely, thrift, moral responsibility, and self-sacrifice for the good of the community. It is now for the people themselves to determine whether the influences of co-operation are to be permanent or not.

Assam.

In Assam, the number of societies, their membership and their working capital showed a gratifying increase during the year under review. The Department of Agriculture has now been amalgamated with the Co-operative Department, and action is being taken for the expansion of the movement without immediate increase of staff. It is hoped that the active inter-working of both Departments will contribute much to ameliorate the conditions of the agriculturists. Here also, as in

many other parts of India, Stores societies have not hitherto proved successful; and it is reported that many of them started with enthusiasm in the beginning, but collapsed on account of apathy and want of members.

As we have seen, the organized effort which lies at the root of the co-operative movement is beginning to contribute to progress in several directions. Among the most important of these is one most necessary to the well-being of the Indian people, namely, sanitation. The difficulties with which sanitary reform is beset in India have already been explained in previous volumes of this Statement; but since they persist, little apology is necessary for describing them once again. The necessary preliminary to any satisfactory advance in improving the sanitary condition of a nation is the growth among the educated classes of missionary and humanitarian spirit, which will lead them to consecrate time, money and energy to the task of ameliorating the conditions in which their less fortunate brethren line. The efforts of the administration, however earnest, can accomplish little or nothing if the people themselves are conservative or apathetic. In India, where the State is limited alike in resources and functions, it is perhaps even less potent to achieve a reform of such magnitude than in other countries. Moreover in Europe, a certain advancement of popular education may be expected ultimately to influence in the right direction the current conception of hygiene. But in India, these conceptions are interwoven with religious and social observances, based upon a cultural heritage of remarkable antiquity and unparalleled continuity. Unfortunately many of them are as diametrically opposed to public health as they are to economic advance. Added to this, the mere size of the Indian population; its all pervading poverty; and the general outlook on life which prevails, combine to make sanitary reform a matter of immense difficulty. Diseases are still commonly attributed to the wrath of Heaven, and when sickness comes the first impulse of the average man is to propitiate offended deities rather than to disinfect his water supply and to prevent the contamination of his food. Throughout town and country alike, elementary sanitary knowledge, as understood in the West, is conspicuous by its absence. Tradition, as opposed to reason, holds the field. Particularly in the Indian home and among Indian women do the old forces of custom operate most strongly, exercising

Sanitation.

Difficulties.

a formidable opposition to the introduction of new and more healthful practices. But the prospect is by no means hopeless. The receptivity of the educated classes to new ideas increases year by year; and the small band of devoted workers who labour unselfishly among their fellow countrymen attracts more and more recruits.

Possibilities of Improvement.

For a rapid amelioration of the sanitary condition of India, two things are requisite. In the first place, the administrative agency which commands such resources as the State can devote to the task must enjoy popular confidence and proceed along lines in conformity with the prevailing mental processes of the people. In the next place, this agency must be supplemented by organised public opinion if it is to possess sufficient driving force to overcome the dead-weight of age-old inertia. The first essential is already to some extent realized, since sanitation has been transferred to the popular branch of the reformed administration. But the second requisite still falls far short of the requirements of the country. It would be difficult to praise too highly those public men who are devoting their time, energy and enthusiasm to the task of educating their countrymen along the lines of sanitary progress. Such organizations as the Servants of India Society can display a record of which any country might be proud. Moreover, despite the obstacles imposed by current social practice, the training of women workers is making steady progress. Reference has been made in previous Statements to the activities of the Poona Seva Sadan Society, which, in the 15 years of its existence, has sent out more than 150 women as teachers, lady doctors, nurses, midwives, and public health visitors. Year by year, it educates and equips nurses, women medical students, and teachers whose influence is spreading steadily throughout the localities in which they work. If only India could be covered with a network of similar organizations, depending for their efficiency upon the enthusiasm of devoted workers and enjoying the confidence and admiration of the masses, the sanitary problem would be solved in no long period. Official and semi-official agencies do what they can; but until the impulse comes more directly from the people themselves than is at present the case, progress must be slow.

During the last ten years, much has been done to improve the sanitation of the larger towns; but of late financial stringency has caused a falling off. The opening up of congested areas and the replanning of cities on better lines are peculiarly difficult in India;

for their expense is a serious consideration to a poor country; and all such schemes encounter unenlightened opposition from those in whose interests they are designed. In such circumstances, it is not surprising to find that municipal sanitary activities are frequently resented by the general public. Regulations for the improvement of health and convenience, such as would be accepted without question in Western countries, frequently bring upon the heads of those responsible for them a heavy burden of unpopularity, since they interfere with traditional habits and modes of livelihood. Deep resentment is excited by interference, even for the most benevolent objects, with custom of long standing. In consequence, sanitary regulations are all too commonly proposed with timidity and enforced without zeal. So far as rural sanitation is concerned, the position is even less satisfactory. Approximately nine-tenths of the Indian population lives in villages. The dwellings are insanitary; the water supply frequently tainted. Adequately to cope with such conditions, immense effort is required. For unless the people themselves can be aroused to the necessity for self-improvement, the teaching of the reformers is but a voice crying in the wilderness. The reformed local Governments are directing their attention to sanitary measures and to the prevention of epidemic diseases. One of the most urgent problems is the supply of even elementary medical assistance to the remoter parts of the country side. To meet this need various expedients are devised. For example, the Government of Bombay has sanctioned a village aid scheme for the training of selected Primary School teachers in the rendering of simple medical aid. These teachers are to be entrusted in first aid work and in the main principles of hygiene; and they will be taught to recognise, and to send to the nearest dispensary, cases too serious to be treated on the spot. But the difficulty is by no means confined to the villages; for there are considerable towns where no qualified medical men can be found or where no dispensaries exist. The Government of Bombay has initiated an experiment which may well be pregnant in this connection. A plan is on foot to grant subsidies to private practitioners who are willing to settle in certain areas, in order that Indians may by degrees enjoy the services of a class corresponding to the "Village Doctors" whose labours have done so much to lower the mortality of the English and American countrysides. The Madras Government, also, has lately announced a

Sanitation in Town and Country.

scheme for subsidising private practitioners to take up work in newly-established surgical centres, round which existing village dispensaries may be grouped. By this means it is hoped gradually to bring advanced medical aid within the reach of every locality. Local bodies, where they exist, are taking up the question of sanitation. Many District Boards possess qualified Health Officers under whose guidance a large amount of useful work has been initiated. In general, these authorities are displaying an increasing appreciation of the importance of sanitary reform; but hitherto their efforts have been gravely handicapped by financial stringency. But interest is awakening. The Public Health Departments all over India are now organizing propaganda work in rural areas. Cinematograph films and magic lantern slides, illustrating the sources of the commonest infectious diseases, and explaining preventive and curative methods, are now being exhibited in many rural districts. The co-operative movement is displaying in this field, as in so many other, its potentialities. Co-operative anti-malaria societies are now working in certain parts of India, notably in Bengal. A Central society has been established, in connection with which a network of anti-malaria and Public Health societies have been established throughout many of the Bengal villages. The Central society arranges for magic lantern slides, for dramatic performances, and for cinema shows, while placing at the disposal of local societies the result of recent researches on malaria, kala azar, cholera and other preventable diseases. Each local society is required to carry out certain definite measures in its locality; including the improvement of drainage, the clearing of undergrowth, the preparation of a map of stagnant pools, and the initiation of arrangements for kerosene treatment by volunteers; the administration of quinine to malarial cases; and the systematic maintenance of the fever index of the village.

Infant Mortality.

Among the most pressing problems of India's public health is the infant mortality. It has been calculated that every year some 2 million Indian babies die. Birth registration is still too casual to afford precise data, but it may be stated with confidence that one in six, or perhaps even one in five, of the infants born in India perish within the first year of life. In crowded industrial cities, the rate is even more lamentable, and it is believed that in certain localities the death-rate varies from over 200 to 600 per 1,000. In England, the corresponding

rate averages about 80 per 1,000. Of late, much attention has been directed to remedial measures. Lady Chelmsford initiated an All-India Maternity and Infant Welfare League. Lady Reading has taken up the work, and the movement she has initiated, known as the

National Baby Week.

National Baby Week, has caught the imagination of large sections of the people all over India. It would be difficult to exaggerate the practical importance of the stimulus thus afforded to the Infant Welfare movement. The exhibitions, lectures, and the baby shows, which annually take place in all the most important centres of India, have aroused public interest in an unprecedented degree. The local operations are directed by Provincial Committees of the National Baby Week, whose members display the keenest enthusiasm. Year by year the number of new towns applying for assistance in organizing a Baby Week increases. There is an ever-growing demand for leaflets, pamphlets, model lectures, cinematograph films, and magic lantern slides. Various benevolent institutions such as the Poona Seva Sadan Society, the Social Service Leagues, and the Servants of India Society, have thrown themselves with enthusiasm into the task of furthering the campaign. The Poona Seva Sadan Society has seven Infant Welfare centres and ante-natal clinics working in conjunction with the two maternity hospitals it conducts. In short, a great national organization has been created for the diffusion of knowledge concerning the requirements of babies both before and after birth. The new Baby Week movement is supplementing the efforts of older institutions such as the National Association for Supplying Female Medical Aid to the Women of India. Further, Lady Reading has initiated a scheme for training Indian nurses and doctors in larger numbers, which, as time goes on, should do much to improve the situation. But among the vast multitudes of the Indian population, the scope for child welfare work is so extensive that many years must elapse before the problem can be pronounced as on a fair way to solution.

Of immediate bearing upon the progress of sanitation in India is the advance of medical research in India. In this field, financial

Research.

stringency has of late hampered development, but in the budget of 1925-26 provision has been made once more for a subvention to the Indian Research Fund Association, whose activities have suffered temporarily from retrenchment. This body conducts important investiga-

tions into the epidemics with which India is afflicted. Towards the end of 1923, a conference of medical research workers was held in Calcutta, which a large number of medical officers attended. As a result of its deliberations, the Government of India appointed an expert Commission to enquire into the origin and progress of kala azar. The expenditure has been met partly from central revenues and from the Indian Research Fund, and partly from contributions made by the local Governments concerned. In other directions also, the conference proved of such value that a similar meeting was convened in October. 1924. The deliberations proceeded along four principal lines. The first was the financial position of the Indian Research Fund Association, and the research programme for 1925-26. Next came discussions concerning the nature and causes of diseases requiring urgent investigation and the lines upon which investigation should be conducted. These topics led naturally to a consideration of the promotion and co-ordination of research in India; and particularly of the possibility of enlisting the co-operation of medical practitioners, both civil and military, who have opportunities for investigation. Finally, came the question of the application of the discoveries made by medical research workers to the benefit of the people of India. It is also worthy of note that His Excellency Lord Reading has recently headed a movement for the formation of an Indian Council of the British Empire Leprosy Relief Association. It is proposed to carry on an earnest campaign against the disease in India; and as a first step to collect the fullest possible information regarding its incidence. Further, as a result of the proposals made by Dr. Norman White in his report to the Health Committee of the League of Nations, the Government of India have accepted the proposal for the establishment of an Epidemiological Intelligence Bureau at Singapore. The School of Tropical Medicine and Hygiene in Calcutta, which owes its inception to Sir Leonard Rogers, has continued its investigations into the principal tropical diseases encountered in India.

Conference of Medical Research Workers.

Leprosy.

Epidemiological Intelligence Bureau.

Closely connected with the question of sanitation, in which are involved many of the customs and habits springing from the social heritage of the Indian people, is the progress of social reform. The more character-

Social Reform.

istic problems of the country centre round the institution of caste. Originally concerned with the preservation of ceremonial purity in social relations, the caste system has in the course of ages developed into an institution which rigidly assigns to each individual his position and his duties in the structure of orthodox Hinduism. Whole classes of the community as thus separated, as it were, into water-tight compartments; and since a Hindu is not affected by anything done outside his caste, the system is compatiable with many practices which run directly counter to modern conceptions of humanity. Among the unfortunate results to which Hinduism has given rise must be counted the existence of the depressed classes, who number about 60 millions. They are " untouchables "; that is to say, contact with them entails ceremonial purification on the part of the higher castes. In some parts of the country, they may be fairly termed " unapproachables "; since even their proximity implies pollution. At present, large numbers of them are obliged to reside beyond the purlieus of cities and villages. The disabilities to which they are exposed appear very strange to the Western observer. They are denied the use of temples, inns and public wells; and their children are not customarily admitted into the ordinary schools. They may not enter certain streets. The minutes operations of their daily life are rigidly controlled and fettered by their position. Social ostracism so degrading, persisting through many centuries, has resulted in the erection of serious obstacles to manliness, independence and self-help. As a natural consequence, millions of them live in conditions so insanitary that it is difficult even for the most liberal-minded members of higher castes to think of them in terms of common humanity. The main obstacle to their elevation lies in the social traditions observed by the great majority of the caste community. Matters have proceeded so far that the depressed classes themselves often refuse to allow Brahmin workers to enter their houses to help them, believing that the touch of a higher caste is a forerunner of evil. The State has done what lies in its power to solve the problem. So far as the law itself is concerned, there is nothing to prevent any member of the depressed class from rising to the highest position. Systematic efforts have been made to encourage the spread of the co-operative movement among them, and to afford them the benefit of increased educational facilities. In many provinces special scholarships are provided for them; and stress is

The Depressed Classes.

laid upon their right to participate in the educational machinery. It is encouraging to notice that the proportion of the depressed class pupils is everywhere rising, although their numbers are still infinitesimal as compared with the size of their community. But it is impossible adequately to solve the problem until the social sense of the Indian peoples advances to a level at which certain customs, inherited from a more primitive age, will be recognized as a slur upon the good name of the country. In which connection it is important to notice that the public conscience is gradually awakening to the seriousness of the untouchability-question.

Awakening Interest.

Among living Indians Mr. Gandhi has done most to impress upon his fellow-countrymen the necessity for elevating the depressed classes. His influence has unquestionably served to arouse widespread interest in this problem. When he was at the height of his reputation, the more orthodox sections of opinion did not dare to challenge his schemes. Of late, however, there have been signs that certain schools of thought are prepared to dispute both the necessity and, indeed, the desirability of introducing any widespread reform of the caste system. This much at least is certain; if the problem of untouchability is to be solved, the solution must come not from Government but from the people themselves. Voluntary agencies are already active among the depressed classes. The educational work of the various Christian Missionary societies as well as of organizations other than Christian in their inspiration, is beyond all praise. Schools in large numbers for the education of depressed classes have been founded; and a body of public opinion is gradually arising which recognises that these unfortunates have a claim to be treated as fellow human beings. Already some impression is being created upon the stout wall of orthodox opinion. Last year, a body so representative of Hinduism as the Hindu Maha Sabha passed a resolution removing from the untouchables the ban in regard to schools, public wells, meeting places, and temples. More important still, there are slight but significant indications in many parts of the country that class consciousness is slowly awakening among the untouchables.

Class Consciousness.

During the period under review a campaign of passive resistance was inaugurated, within the boundaries of an Indian State, to assert the right of the untouchables to enter some of the roads round the famous temple at Vykom. Further, the more enlightened members of the depressed classes are beginning to organize

themselves. Meetings are now held from time to time which are widely attended by representative members of the community. There is much plain speaking concerning the insanitary habits and educational backwardness which prevent the depressed classes from rising in the world, coupled with the expression of a fixed determination to resent effectively the degrading disabilities imposed upon them. Such symptoms as these, which seem to indicate the growth of a new spirit of self-help, tend to encourage the hope that the problem of the depressed classes is not insoluble.

Other Castes.

The gradual change which is coming over the position of the depressed classes finds a parallel in the process which is affecting the status of castes above them in the social scale. The traditional weakness of the lower castes is disappearing as they begin to recognise and to avenge social tyranny. In certain parts of Maharastra, the non-Brahmin castes are in a position to assert themselves against the Brahmins. Most momentous of all are the happenings in Madras. Since the reformed constitution was inaugurated, the non-Brahmin castes have begun to resist the ancient intellectual oligarchy of the Brahmins, employing their prepondering numbers to seize political power. The full significance of an event so momentous can hardly be estimated in its right proportion at the present time. But its influence upon the progress of India towards the modification of the existing caste structure must necessarily be profound. The cause of social reform in India is attracting increasing attention, as the doctrine spreads that progress in this direction lies at the very foundation of advance towards nationhood. The reformers of the earlier generation were concerned primarily with such particulars as female education, the prevention of early marriage, the encouragement of foreign travel, and the discouragement of such customs as were believed to act as a clog upon progress. Their successors have made a substantial advance upon this programme. They now realise that social reform must aim at the re-ordering of the whole social structure, and at the removal of all those customs and inhibitions which obstruct advance on the part of the individual as well as of the community. The principal problems of social reform are now kept prominently before the general public by the efforts of devoted workers. From time to time conferences are held which deal with particular difficulties; but the great necessity at the present moment would seem to be the

Impulses to Social Reform.

co-ordination of the efforts of social workers all over the country. For the last few years, two separate social conferences of great importance have been held annually; the one under the auspices of the Liberal Federation; the other in connection with the Indian National Congress. The proceedings of both these bodies have much in common. The principal resolutions deal generally with the reform of the caste system and the removal of untouchability; the encouragement of social legislation; the reform of marriage laws; the education and elevation of women's status; the unlift of the aboriginals; the extension of women's suffrage; the advocacy of temperence; and the abolition of the *parda* system. In each case, there is strong speaking upon the abuses inherent in the present organization of Hindu society. But while admirable resolutions can be adopted readily by meetings composed of ardent reformers, there is great difficulty in translating them into practice. It is however, encouraging to notice that the number of those who devote their lives to the inculcation of the new ideals, though still very small, is steadily increasing; that the public at large is beginning to support their activities with financial help; and that the acknowledged leaders of Hindu thought now admit that social reform is among the most vital of all the problems which India must solve.

Criminal Tribes.

In addition to the depressed classes, strictly so called, there exist certain communities known as criminal tribes, whose hereditary occupation is burglary, highway robbery, or even assassination. Towards the uplift of these unfortunates, who are a positive danger to the community as a whole, both State and voluntary effort has for long been directed. The tribes are concentrated into settlements managed either by Government or some such organization as the Salvation Army.

They are reclaimed, subjected to kind but firm supervision and assisted to gain a decent livelihood. Special efforts are made to teach skilled trades to boys and young men; to find them employment; and to reclaim them from the attractions of their hereditary pursuits. By a process of discipline and education, these tribes are gradually being won over to the side of civilization. And if the efforts now being directed to this end can be sufficiently augmented, it is possible that this particular problem may assume, before the lapse of very many years, an aspect distinctly more encouraging.

There are other specific characteristics of Indian life which are particularly repugnant to the social reformer. The seclusion of

women behind the *parda*, a practice largely prevalent in the middle and upper classes of society, operates as a great drag upon the economic and educational progress of the country. Within the last few years, a considerable change in sentiment seems to have taken place, at least in certain parts of India. Women are now displaying a growing interest in political and social questions, and are showing much zeal in the cause of temperance, infant welfare, and other philanthropic activities. But, broadly speaking, the women of India are still not free to move about and to take their full share in the life of the community without artificial hindrance. The evils of the *parda* system are manifold. It cramps the sphere of womenkind; and deprives the community of the services of many whose co-operation in the task of general progress would be most valuable. Further, there is some fear that it causes physical deterioration, for the rate of mortality from certain diseases among women who lead a secluded life is higher than that which obtains among those outside the *parda*. With the gradual spread of female education, to which reference will be made upon a later page, there is reason to believe that the *parda* system will gradually become restricted. At present, progress in this direction is very slow. For the *parda* is in some quarters considered a fashionable institution; and should a class of society, which has not hitherto observed this custom, rise in the economic scale, the seclusion of women is not infrequently introduced as being something equivalent to a hall-mark of respectability. A certain measure of advance is, however, being made in other directions which affect Indian womanhood. The conscience of the public is gradually awakening to the serious implication of the early age of marriage now generally prevalent; and efforts have for some time been made to introduce legislation for the remedy of the more obvious evils. We may refer in particular to the Age of Consent Bill introduced into the Legislative Assembly by Sir Hari Singh Gour. The movement for the re-marriage of widows is also making steady, if slow, progress; and a number of voluntary societies such as the Hindu Widow Reform League, Lucknow, are engaged in unostentatious but philanthropic work. More than one-third of the women under training as nurses and teachers in the Poona Seva Sadan Society are widows; and there is reason to hope that if such excellent institutions can be multiplied, at least a proportion of the many Hindu widows, whose present lot strikes the western

Parda.

observer as so unhappy, may discover in social reform a new interest to which they may devote their lives.

Drink and Drugs.

In the preceding pages a brief outline has been given of some of the more characteristic difficulties which attend the social reformer in India. We have now to consider two problems almost universal in their scope, the problem of drink and the problem of drugs. Drink, as visualised by Western reformers, is almost unknown in India, save in those few places where heavy concentrations of industrial labour occur. This fact is explained by the general reprobation in which indulgence in strong drink—as distinguished from indulgence in drugs is held among the Indian people. The *per capita* figure of consumption for drugs as well as for liquor is very low. The excise revenue per head, including what the State derives from both sources, varied in 1923-24 from 4 annas 6 pies in the United Provinces to Rs. 2-5 in Bombay. Between these two extremes came 7 annas in Bengal, 8 annas in the Punjab, 13 annas in Assam, 14 annas in the Central Provinces, Re. 1-3-6 in Madras, and Re. 1-5 in Sind. During this period there was an appreciable decline in excise revenue in the United Provinces and in the Punjab. In the majority of cases, the local Governments are now taking drastic steps to decrease licit consumption; and since excise is a transferred subject everywhere, save in Assam, the opinion of the local Council has been brought upon the whole subject. The policy formerly pursued by the Government of India has been frequently summed up as that of maximum revenue from minimum consumption. Every care was taken to minimise temptation for those who do not drink and to discourage excess among those who do. Government intervention operated to regulate both the quality and the quantity of the liquor consumed; the former by the prescription of a certain standard of strength; the latter by the levy of still-head fees which the consumer automatically paid. But with the transfer of excise to ministerial control, considerable departures from this policy have been made. In several instances, local Governments have now definitely accepted complete prohibition as their goal. The process is necessarily slow and difficult. Sources of illicit supply are far more accessible in India than in any European country. In many places, liquor can be had from almost any palm tree, with no more apparatus than a knife and a toddy pot. Hence,

The Problem of Drink.

Towards Prohibition.

it is possible that the policy now pursued by some local Governments of raising the retail price to a high figure, may defeat the ends in view by increasing the production and consumption of inferior illicit spirit. A very interesting experiment is being carried out in Bombay. An attempt has there been made to reduce the consumption of country liquor by strict limitation of the quantity that might be sold, in addition to employing the methods previously enforced. For the nine months, April to December 1922, the quantity of liquor which might be sold in each shop was reduced by 10 per cent. in Bombay and by 5 per cent. in the mofussil, below the sales of 1920-21. For the 15 months, January 1923 to March 1924, the quantity was further reduced, by another 10 per cent. in Bombay and 5 per cent. in the mofussil, *i.e.*, a total decrease of 20 per cent. in Bombay and 10 per cent. in the mofussil on the basis of the consumption for the year 1920-21. The report of the Excise Commissioner for the year 1923-24 showed that the total quantity sold was less by ½ million gallons than even the reduced total permissible. This officer pointed out that there were quite unprecedented increases in the use of illicit liquor in areas where it could be obtained without much difficulty. The cases of illicit distillation and sale and import rose from 2,884 to 3,607 in 1923-24. He also remarked upon an increase, amounting to about 4 lakhs of gallons, in the consumption of toddy which followed a similar increase of as much as 2·8 million gallons in 1922-23. The Government of Bombay, in reviewing the report of the Excise Commissioner stated, " It cannot be affirmed with any degree of certainty that it (toddy) replaced country liquor to any material extent. The figures cited above would go to show that the reasons for the increase were apparently of a local character, while the fact that the increase of 4,262 licenses in the Presidency proper occurred mainly under the head of Domestic Consumption Licenses would further support the inference that the increased consumption occurred amongst a class who ordinarily used toddy, and not amongst those who are addicted to country liquors ". Commenting upon the Excise Commissioner's remarks regarding the increase of excise crime, the local Government stated, " The increase is thus a direct and natural concomitant, at least during its earlier stages, of the policy of raising the price of liquor as a means of reducing consumption, and of concentrating the manufacture of it at a few central distilleries in the

The Bombay Experiment.

interests of economic production. As stated in the preceding paragraph, the effect of reducing consumption is indirect rather than direct. The increase of crime can therefore no more be attributed to it than to the raising of the still-head duty and the introduction of the auction system". An Excise Committee appointed by the Bombay Government has lately published a report which shows no weakening in the determination of reformers to extirpate the drink evil. The report recommends the adoption of total prohibition as the declared goal; and this has been accepted by the local Government who state, nevertheless, that according to the latest information, crime has increased to an alarming degree, and the present Establishment is unable to cope with it. The Excise Commissioner, in summarizing the administration of his Department in 1923-24, writes that his task grows more difficult year by year. For this period, excise crime stood at the high figure of 4,576 cases as against 3,979 during the past year. In the opinion of experienced officers, however, the number of cases detected represents an insignificant percentage of the excise crime which is going on. He remarks, " The only true gauge of what is happening is the fall in the receipts from still-head duty. The receipts from still-head duty fell during the year by Rs. 12 lakhs. This is due to the fall in the consumption of licit liquor. This increase in crime, however, shows that more illicit liquor was consumed, but to what extent the one is replacing the other, it is not easy to say. It cannot, however, be controverted that illicit liquor is making headway against licit liquor, and the fact that, in spite of reduced consumption, the licensee can make a present to Government of an extra Rs. 19 lakhs over last year's license and vend fees, leads to more than a suspicion that he is becoming the ally of the illicit distiller." He concludes by stating that while an increasing revenue and decreasing consumption are satisfactory results of the year's working, the growth of illicit distillation, illicit importation, and the transition to hemp drugs and denatured spirits are very alarming aspects of the situation. He considers illicit distillation to be the worst of these features; and believes that the evil must perforce grow rapidly, unless Government is prepared to strengthen the excise staff. In other localities, the situation seems no more reassuring. The policy of most local Governments is either avowedly or practically prohibitionist, in response to the pressure of temperance enthusiasts. But this policy seems in many provinces to have been carried to

a point at which it has already begun to defeat its own ends. A perusal of the Excise Administration Reports, and Resolutions thereon, emanating from the Punjab, the United Provinces, and the Central Provinces, indicates the extent and the magnitude of the obstacles which separate the reformer from his goal. In Burma, also, illicit traffic has enormously increased. It seems, therefore, plain that any process of making India " dry " by legislative enactment is menaced with the prospect of heavy expenditure and formidable difficulties.

Drugs.

While the drink problem has excited considerable attention in India during the period under review, the problem of drugs, particularly opium, has engaged the notice of external critics. Latterly, however, the Indian National Congress has been evincing some interest in the problem, and more especially in the consumption of opium in Assam.

Opium in India.

As there is so much misunderstanding as to the real position about opium consumption in India, the general situation may here be outlined. Except in Burma and Assam, opium smoking is a rare practice, for it is considered disreputable. On the other hand, the eating of opium is fairly common, and in many parts of India excites but little reprobation, provided it is not carried to immoderate lengths. Indeed, the whole position of opium is so different in India from that in Western countries, that there is grave danger of the situation being confused by the well-meant efforts of reformers without first-hand knowledge of certain facts. There are no " dope fiends " in India, as understood in the West. The soil of most parts of the country produces the opium poppy; and long before the arrival of the British, the people had habituated themselves to the consumption of the drug in small quantities. They ascribe to it, with more or less justification, various medicinal properties. They use it in certain parts of India on ceremonial occasions and also as a refreshment. It is not easy to break the people of a long standing habit,

Government's Policy.

which public opinion does not disapprove. As in the case of drink, the general policy of the Government is to control the trade in such a way as to ensure its most effective regulation, and to prevent it from passing into the hands of the types of persons with whom it would readily, if uncontrolled, become associated. For over a century the authorities have been engaged in the gradual establishment of control over the

production, transit and sale of the drug throughout the country. This has been done by concentrating cultivation, so far as British India is concerned, within limited areas; by the discontinuance of cultivation in many Indian States as the outcome of bargaining; and by a perfect system of licensing and control of shops. The success of this policy is proved by the results. In 1893, when the Royal Commission on Opium conducted its enquiries, the average consumption per head, per annum, was 27 grains, while in recent years it has been about 18 grains. The figure for 1923-24 was 17·2 grains. Even in 1893 there was very little abuse of opium eating. The Royal Commission found " no evidence of any extensive moral or physical degradation from its use." The reduced figures of consumption in recent years suggest that there must now be very little abuse indeed in connection with opium. Enhanced prices and restricted supply, together with a welcome, though slow, trend of public opinion, are resulting in a decreasing use of opium for ceremonial hospitality or for personal indulgence, and are thus tending to restrict the consumption of the drug to purposes either medicinal or *quasi*-medicinal. The figures of every province will show to what extent the policy of Government has been justified. Between 1910-11 and 1923-24 the consumption has fallen in Madras from 1,178 maunds to 878 maunds; in Bombay from 1,436 maunds to 819 maunds; in Bengal from 1,626 maunds to 998 maunds; in Burma from 1,306 maunds to 772 maunds; in Bihar and Orissa from 882 maunds to 654 maunds; in the United Provinces from 1,545 maunds to 603 maunds; in the Punjab from 1,584 maunds to 834 maunds; in the Central Provinces from 1,307 maunds to 761 maunds; in Assam from 1,511 maunds to 911 maunds. Only in the North-West Frontier Province and in Ajmer-Merwara is there a slight increase from 69 maunds to 72 maunds and from 69 maunds to 71 maunds respectively. In 1910-11 the consumption for the whole of India was 12,530 maunds; in 1923-24 it was 7,406 maunds. At the same time the revenue derived from opium in the various provinces of India owing to the enhanced price at which the drug is sold, has risen from Rs. 1·63 crores in 1910-11 to Rs. 2·66 crores in 1923-24. In deference, however, to the opinion expressed in certain quarters, the Government of India has asked the local Governments to consider three aspects of the opium question: the high consumption in

Its Success.

Decreased Consumption and increased Revenue.

certain areas; the practice of administering opium to infants; and the desirability of closer co-ordination of policy between local Governments in regard to fixing the sale price of opium. If the local Governments come to the conclusion that there is *primâ facie* evidence for reviewing the conclusions of the Royal Commission of 1893, it is possible that another enquiry may be instituted. The *per capita* consumption of 1923-24, namely 17·2 grains, is still somewhat too high, according to the standard laid down by the League: but it must be remembered that in India, opium is frequently given to cattle—exceptionally numerous in India per centum of population,—a practice for which deduction must be made from the figure of *per capita* consumption by human beings. It will be plain from the foregoing facts that the statement occasionally made by ignorant critics that Government is forcing opium down the throats of a reluctant people has not even the merit of plausibility. Everywhere, save in Assam, Indians are now fully empowered, if they so desire, to restrict the use of opium; for consumption is everywhere, with the exception of this province, controlled by Indian Ministers. There is, it is true, a certain amount of smuggling from the Indian States into British India; but the Indian States are now steadily coming into line, and legislative measures necessary to give effect to the provisions of the International Opium Convention have now been brought into effect in many of them. It must, however, be clearly realised that, apart from such arrangements as may be entered into with the Indian States under Treaty Obligations, the Government of India has no means of enforcing upon them any policy for suppressing or restricting opium cultivation.

Opium outside India.

The policy of Government, so far as the internal consumption of opium is concerned, must be counted definitely successful; but the world in general is far more interested in the export of Indian opium to other countries. Here, again, there is considerable misapprehension of the real position. It is forgotten that India is one of the four great and several small opium-producing countries of the world. Of these, Persia and Turkey stand outside the Hague Convention; China, for whose emancipation from the drug evil India sacrificed a former revenue of £4 millions per annum, now produces something like 80 per cent. of the world's growth. The fact is that from the year 1915 the Government of India have continuously pursued the policy of

Rigorous Control.

endeavouring to supply opium direct to the Governments of consuming countries. As a result of steady perseverance, India now sells, roughly, three-fourths of her total export of opium direct to responsible Governments. And as regards the balance, the control of the importing Governments remains absolutely unimpaired.

Policy of Government.

The Government of India, so far from pressing their opium on any country, do not allow opium to leave the ports until the Government of the territory to which the consignment is going certifies that the opium so to be exported is required for legitimate purposes. India indeed exports no opium to any country which prohibits imports; she exports no opium in excess of quantities which the Government of the consuming country desires to admit; and she has in cases voluntarily placed limits on exports from India, irrespective of what the particular demands may be. She does not now, nor has she at any time, exported dangerous drugs such as morphia, heroin, cocaine and the like, to America, as she has not infrequently been accused of doing. Further, India has loyally and faithfully carried out the provisions of the Hague Convention, in which particular her conduct might well serve as an example to other countries interested in the opium traffic. Speaking in the Legislative Assembly in March 1925, the Finance Member explained the policy which the Government of India were carrying through. He pointed out that between 1913 and 1923, the total number of chests exported from India had fallen from 15,760 to 8,544. The exports to China had fallen from 4,612 chests to zero; those to Singapore from 2,367 chests to 2,100; to Hongkong from 1,120 to 240; to Penang from 200 to *nil;* to Colombo from 150 to 30; to Batavia from 3,535 to 900. Only in the case of two destinations was there a noteworthy rise. The chests exported to Bangkok had risen from 1,350 in 1913 to 1,600 in 1923; and those to Saigon had risen from 450 in 1913 to 2,975 in 1923. The Finance Member proceeded to explain the manner in which the Government of India were carrying out their agreement under the Convention. He continued—

Exports decline.

" In regard to the exports, they are carrying out their agreement under the Convention to the full. They have in one or two cases gone beyond it. In the case of Macao, where they were convinced that the amount imported under license was more than the colony

The Finance Member's Statement.

could possibly require for internal consumption, they did go beyond the Convention and seriously restricted the amount for export. The Government will be perfectly happy to see these exports further reduced. They do not wish to secure revenue out of the degradation of other countries, but they do not see that they are going to help forward any useful work if they themselves suddenly or even over a period of years, without co-operation from elsewhere, deprive India of her revenue and the cultivators of their employment by refusing to send exports of opium to countries whose Governments continue to license their import, in pursuance of the policy which those Governments have themselves agreed to carry out, of gradual reduction; since the only result so far as the Government of India can see of such an action on their part would be to mulct the Indian tax-payer in a considerable sum of money and have no effect whatsoever on the amount of opium imported to and consumed in these places. It may be said that the Government of India themselves say that opium smoking is an evil; they ought, therefore, to prohibit the export of opium to any country where it is likely to be smoked, even though that country may get opium in equal quantities from elsewhere. If that is the policy which it is desired the Government of India should adopt, it is one which I think ought to be carefully weighed and very carefully considered by this House and by the country generally before it is adopted. It is not, as far as I can see, likely to be a useful contribution to this world-problem. Much more is likely to be gained by the continuance of co-operation between the nations in the League of Nations than by isolated action of the kind that is suggested. We are awaiting the final reports from the Geneva Conference, and the whole subject will then have to be studied with considerable care by the Government of India, and the new obligations which have been entered into in that Conference will have to be carried out and will be carried out to the full. But in the meanwhile I think that the Government of India are entitled to claim that they have done more than any other country in the world, at the expense of their own tax-payers, to contribute towards the problem of reducing the consumption of opium where such consumption is abused; and I am very glad, as I said at the beginning, to have had the opportunity of putting the full facts, I am afraid at some length, before this House, in order that they may be in a position to arrive at a considered judgment in the matter."

It seems plain on reflection that many of the problems discussed in the preceding pages of this chapter have one single root. This is the general lack of education at present characterising the masses of the Indian people. Until this defect can be remedied, it seems unlikely that India will develop the energy necessary for the attainment of economic and political well-being. Unless the ideas of the people can be enlarged, and their outlook extended beyond the narrow bounds into which tradition at present confines them, the masses must remain poor and ignorant; the women-folk limited in their sphere of activity; the progress of sanitation, and the conquest of disease must be indefinitely postponed. In short, without a widespread system of education of a kind adapted at once to her capacity and to her need, India cannot hope to realise those aspirations towards nationhood which are at present cherished by her educated classes.

Importance of Education.

Much remains to be done before the instructional machine can be placed upon a broad and substantial basis. A study of the diagram opposite to this page will show that out of 247 million inhabitants of British India, only some 9·3 millions are at present being educated. In other words, under 4 per cent. of this vast population is pursuing any course of instruction. In the primary schools, which must constitute the foundation of any solid educational structure, scarcely 3 per cent. of the population is enrolled. Obviously, therefore, illiteracy is general. According to the census of 1921, the number of literates in India was 22·6 millions, a figure which included 19·8 million males and 2·8 million females. In other words, only 122 per mille of Indian men, and 18 per mille of Indian women, can read and write. These figures, unsatisfactory though they are, reveal a slight improvement upon the results of the census of 1911, when the respective proportions were 106 per mille for men, and 10 for women. It would be reasonable to suppose that the fundamental weakness of the educational structure would be apparent in all its branches. This, however, is not the case. The position in regard to secondary education is remarkable. No less than 0·6 per cent. of the total population is under instruction in secondary schools. Since the women can almost be excluded from the calculation, this is a proportion far greater than the corresponding figure for England and Wales. Even more striking are the figures for

Present Condition.

DIAGRAM No. 21.

Totals of Literates and Illiterates : British India.

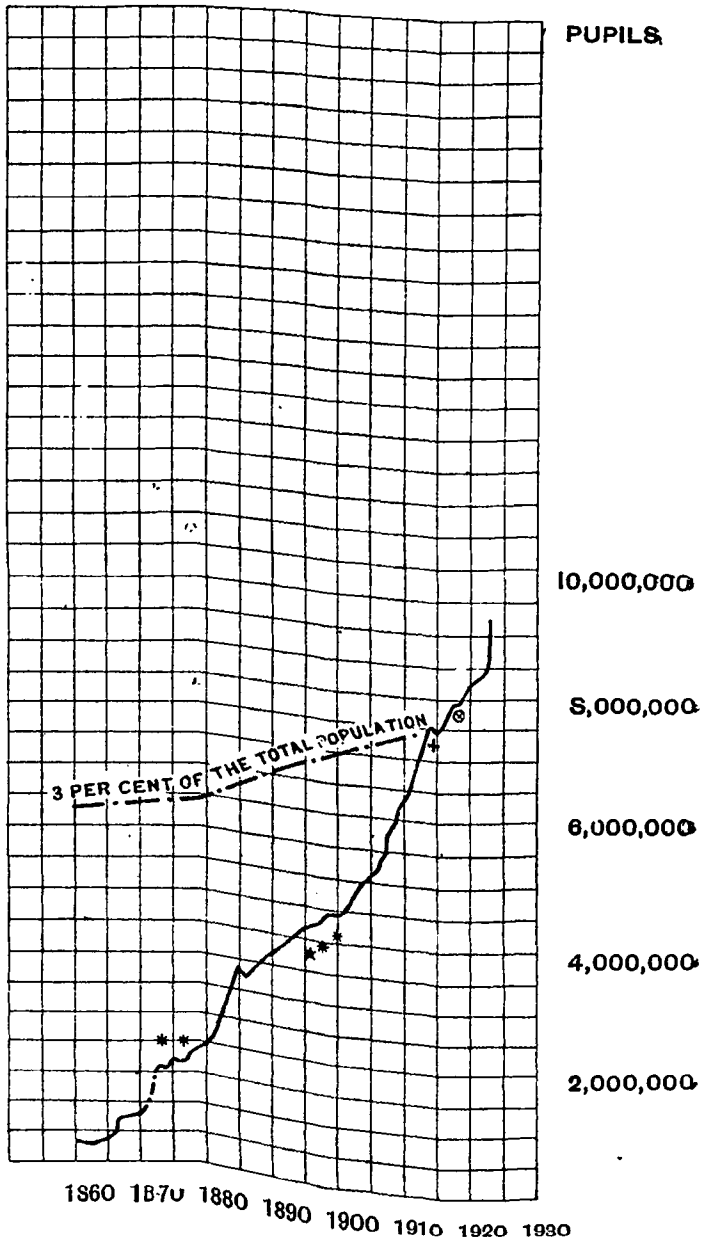
LITERATES
18·6 Million
[each square represents 1,000,000]

ILLITERATES
[each square represents 1,000,000]

DIAGRAM No. 22.

Total number of pupils under instruction in India.

Famine..... *
Commencement of Plague ..... *
Influenza..... *
Native States omitted..... ⊗ +



university education where the percentage of the population undergoing instruction amounts to a remarkable ratio of 0·029 per cent. The only conclusion which can arise from a consideration of these facts is that the structure of Indian education is ill-balanced. The poorer classes are overwhelmingly illiterate; but the middle classes are educated in a proportion equal to that of countries whose social and economic conditions are more highly developed. This remarkable characteristic has impressed itself upon the kind of education generally fashionable. The middle class parent has demanded for his children a literary type of instruction; because he looks forward to their enlistment either in Government service or in the legal profession. Until recently, therefore, the educational curriculum was based more upon the needs of those who aspired to a future of this kind, than upon the requirements of the agricultural population. We may also notice that vocational training, which has recently been advocated by many Indian educationalists, has not hitherto attained very great success. Possibly, there is a great future before it. But at present some difficulty is experienced in filling the classes, mainly because the Indian intelligentsia is so wedded to what may be called the "white collar" professions, and so conservative in its social outlook, that it displays small adaptability to changing conditions. It is true that opportunities for the employment of vocational training in later life are still comparatively restricted; but as an offset to this consideration, it should be remembered that the "white collar" professions are now so seriously overcrowded that middle-class unemployment is chronic. The predominantly literary type of instruction which has until recently set the tone of the curriculum from top to bottom has exercised very unfortunate influences upon primary education. When due allowance is made for the economic condition of the people, it is impossible to resist the conclusion that the unsatisfactory quantitative position in this branch of instruction is, to some extent, at least, to be ascribed to qualitative defects. Agriculturists have discovered that their children are not obtaining from the primary schools the kind of teaching which will enable them to be better bargainers or more enlightened members of the community. It is, therefore, not surprising to find that the majority of children in primary schools

Indian Education ill-balanced.

Instruction predominantly literary.

Effect upon Primary Education.

are under instruction for between 3 and 4 years only; and for the greater portion of that time, four out of five linger in the lowest class. In consequence, there is a tendency to forget all that they have learned after the short period of schooling comes to a close.

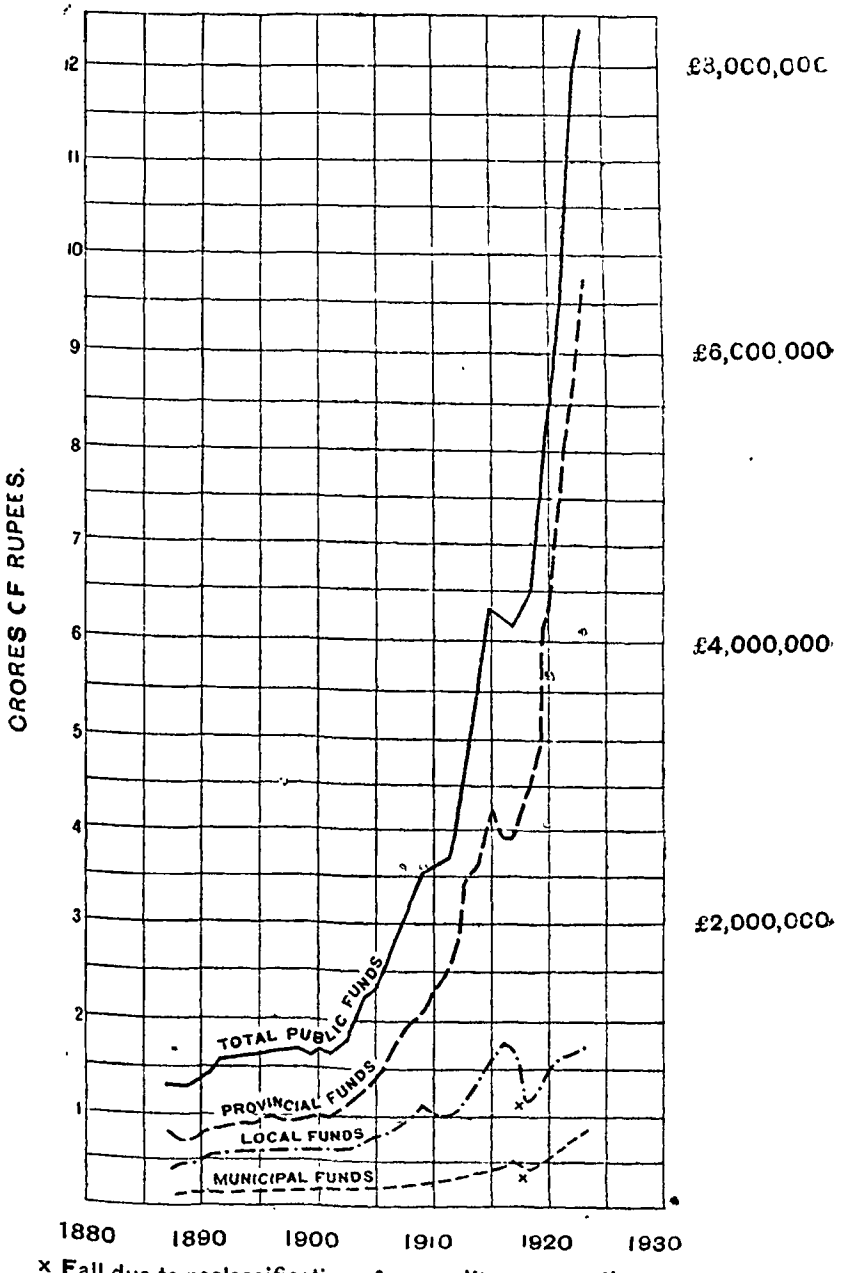
Illiteracy of the Masses.

On any general survey of the existing educational position, it is clear that the first and most vital task is an attack upon the illiteracy of the masses. But this problem is complicated by factors peculiar to India, some of which have been briefly remarked upon already. Among them may be included the poverty of the people; the inadequate condition of communications; the persistence of certain traditional ideals tending to confine education to hereditary literate castes; the conflict of communal interests and the chasm between rural and urban life. These factors have, broadly speaking, operated to prevent the growth of a desire for education among the people at large. Another serious difficulty is constituted by finance. As will be seen from the diagram on the opposite page, the total expenditure on education in India in 1923-24 was Rs. 19·9 crores. This sum, while representing a fraction of the public resources of the country, which compares not unfavourably with the proportions devoted by other nations to the same purpose, is quite inadequate for the calls made upon it. Moreover, the difficulties of laying it out to the best advantage are enhanced by certain peculiarities of Indian life. For example, no Western country has found it possible to carry through a mass programme of popular education without the employment of a large proportion of women teachers. But in India, for reasons noticed elsewhere, the assistance of women is not usually available. Equally serious are the handicaps to which the village school is exposed. The social conditions of the country discourage men of trained intellect from returning to the mofussil and from influencing the masses in the direction of education. It is difficult to imagine how the rural education of the West would have proceeded had it not been for the help of the parson, the doctor and the squire. But the religious organizations of India do not offer to educated men the same opportunities of social work and influence as fall to clergymen of the West; nor is there the same scope for the Indian medical graduate in the village as exists for a practitioner in the English countryside. The rural masses still prefer the Unani and Ayurvedic systems of medicine; whose exponents are

Obstacles to Improvement.

DIAGRAM No. 23.

Public expenditure on Education.



x Fall due to reclassification of expenditure according to which Government contributions made to local bodies for education are included in expenditure from provincial funds.

more rarely men of general education and culture. Finally, the Indian landowner does not ordinarily proceed to a University at all; and if he does, he rarely spends the remainder of his life upon his ancestral estates. There is thus a tendency for the village teacher to remain isolated, deprived of the stimulus of contact with minds more developed than his own. It is possible that this situation may be modified in the future, owing to the policy adopted by certain local Governments of subsiding medical graduates to open dispensaries and to settle down in comparatively remote localities. This plan may be productive of important consequences not merely to the health of the people, but also to the growth of intellectual life in the villages. But it is still to be noticed that throughout the educational structure of India, there is a marked absence of the honorary services and personal interest of the wealthier and better educated classes, who throughout the West have done so much to increase the influence and add to the efficiency of instructional institutions of all kinds.

Efforts of the Reformed Local Governments.

It is sincerely to be hoped that since the control of education has now been transferred to Ministers responsible to the Legislative Councils, the strengthened contact between the Education Department and public opinion may result in providing remedies for many of these weaknesses. The proceedings of the local Legislatures clearly reveal the keen interest aroused by educational problems among the Indian intelligentsia. Almost every Province is displaying great activity; and it is a testimony to the clear vision of those who now direct instructional policy that in most places attention is being directed to a concerted attack upon illiteracy. Even before the reforms, Primary Education Acts had been passed in many Provinces permitting local bodies to introduce, under certain conditions, the principle of compulsory education. Bombay led the way with a private Bill which was passed into law in 1918. Other Bills followed for Bihar and Orissa, for Bengal, and for the United Provinces in 1919. Government measures were passed for the Punjab in 1919, for the Central Provinces and Madras in 1920; and subsequently for Assam. But while the legislatures of these Provinces have shown themselves clearly favourable to the compulsory principle, the actual introduction of the system and its adoption by local bodies have been attended by considerable difficulty. In our discussion of the institutions of

Compulsory Education.

local self-government, we have noticed the general reluctance on the part of municipalities and district boards to apply coercive measures even to such a vital matter as the collection of their own rates. It is, therefore not surprising to discover that for some time they have displayed an even greater timidity in employing compulsion in the sphere of education. Fortunately, there are symptoms that this timidity is disappearing. Compulsion is now enforced within certain areas in every province. Where the idea is novel, it is taken up with enthusiasm. In the Punjab, for example, compulsion has been accepted by 23 Municipalities and 218 District Board Areas. But general experience tends to show that the introduction of the compulsory system is handicapped, first, by financial stringency; and secondly, by the prejudice, natural to a statically organised society, against applying it to all classes of the population. Fortunately, the Ministries of Education are now occupied in investigating the best means of translating compulsory primary education from theory into practice. In Bombay, for example, the comparatively unsatisfactory results of the earlier Compulsory Education Act have led to a recognition that the initiative in the matter of compulsion can most easily come from Government.* As a rule, it is being found that the best results are obtained by introducing compulsion only in those places, such as municipal areas, where there is a strong sentiment in its favour; and then co-operating in the utmost possible degree with the efforts of the local authorities in making the new system a success. The utility of the compulsory principle to India at present consists in two things. In the first place, it enables the authorities to keep pupils under instruction until they have made real progress; and in the second place, it leads to economy by concentrating the pupils into suitable centres. The former consideration has long been present to the mind of Indian educationists; and the unfortunate effects produced by stagnation in the lowest classes were pointed out many years ago. Even now, conditions are but little improved, for the Punjab Government lately noted: "Past experience has revealed many distressing facts. Very many pupils do not proceed beyond the first class. It is obvious that a considerable proportion of these boys derive but little benefit from their schooling. If the real test of educational progress is the reduction of illiteracy, then the largest increase in enrolment can only be regarded as contributing towards that progress when the

Its Utility.

number of pupils in the 4th class approximates more closely to that in the first. Again, there are other pupils, who, though they remain longer and progress further at school, will never attain literacy. And what is more disheartening is that there are still others who, on completion of the primary course, may be termed literate, but soon lapse into illiteracy after leaving the schools." But where the compulsory programme is in vogue throughout, the authorities can be certain that the pupils will be retained under instruction for four years at least. This has enabled several provinces to overhaul their system of primary education in a direction leading to greater efficiency. In the Punjab, in particular, a great campaign has been undertaken against the inefficient one-teacher school. There is no doubt that the villager has in many places had just cause of complaint against the struggling one-teacher school with its neglected infant class, and its indifferently taught other classes. There is also little question that the stagnation in the first class and the failure of so large a proportion of pupils to proceed beyond it, were directly traceable, first to the lethargy which overtakes a teacher confronted with the impossible task of working single-handed in a school of 4 classes: and secondly, to the operation of the grant-in-aid system, which affords no incentive for the promotion of pupils to the higher classes. In order to correct the former deficiency, vigorous measures have been taken by several local Governments. In the Punjab, the hope is commonly expressed that the one-teacher school will soon be a thing of the past. Attempts are also being made to recruit vernacular teachers from the agriculturist class, which is more closely in touch with rural conditions and best understands the needs of the village people. Further, the majority of local Governments have now overhauled the curriculum of their primary schools with the object of providing the village child with an education really suitable for his needs. The second of the two deficiencies we have noticed has also received attention: but the question of the revision of the grant-in-aid system, in such fashion as to stimulate the promotion of pupils to higher classes, is very difficult, and so far no effective solution has been devised. All these lines of progress have been accompanied, in many parts of India, with a great decentralization of the control of primary instruction. There is an increasing tendency to make over this branch of education more and

Improvement of Village Schools.

Decentralization.

more to the municipalities and the district boards, to whom the Education Departments act rather as technical advisers than as supervising agencies. As a result of this development, despite the reluctance on the part of local bodies to tax themselves, many district boards and municipalities all over the country are at present levying cesses to the maximum leviable figure with the object of assisting the institutions now made over to them. As a whole, despite the difficulties arising from inexperience, the impression gathered from a perusal of the Provincial Reports is that in many areas, and with some conspicuous exceptions, the local authorities are discharging their functions earnestly and conscientiously. Their relations with the Education Departments seem generally good; but in the earlier stages of the decentralisation experiment, the change has in some localities produced a certain friction, which is unlikely to subside until greater experience shall bring greater wisdom.

Secondary Education.

The stimulus to popular enthusiasm in educational matters which has accompanied their transfer to Ministerial control is by no means confined to the primary stages. There has been of late an increasing realisation among the Provincial authorities that secondary and university education in India, although quantitatively more satisfactory than primary education, possesses qualitatively very serious defects. Secondary education, in particular, is in many parts of India of poor standard and badly regulated. In consequence, the major portion of those boys who pass through the full secondary course enter the world with little preparation for citizenship. The merits and demerits of good and bad high schools, it has been said, vary in degree but not in kind. The methods of instruction, the aims which inspire the work of the staff, the daily routine, the principles of study, and the ambitions of the scholars, seem to differ very little throughout the country. The demands for secondary education seem inexhaustible, and efforts at improvement are liable to be swallowed up in an overwhelming supply of cheap and bad institutions. The proprietors of private schools are able to manage their academies at the lowest possible limits of efficiency; and since the most necessary ingredients of education as generally understood, namely, social life, and good physical conditions, are not demanded, they are not forthcoming. It is now generally admitted that secondary education needs to be radically remodelled in order to bring it more closely into contact with the needs and

Defects.

aspirations of the country. There is a growing realization that since, under the most favourable circumstances, the largest proportion of the population of India cannot hope to pursue its formal education beyond the secondary stage, the structure of secondary education should be well-balanced and complete in itself. Until recently, boys in many parts of India who desired to obtain an education worthy of the name, were compelled to pass from the secondary school to the university, even though their aptitudes and their choice of future vocation rendered them unsuited to a university career.

Remedies.

It was for this state of affairs that the Calcutta University Commission, whose report represents a landmark in Indian education, desired to find a remedy. The proposals of the Report regarding the separation of secondary from university education, the erection of the former into a self-contained system, and the confining of each to its proper sphere, are now being carried out in several Indian Provinces. Boards for secondary and Intermediate education—stages which together constitute a complete pre-university course—have been set up in various parts of India where they did not previously exist; and progress is being made with the constitution of intermediate colleges at suitable centres. The existence of intermediate colleges may well assist in giving a more vocational turn to the system of secondary education now in vogue, and will at the same time relieve the congestion which at present threatens the university centres. In several provinces, careful investigations have of late been made into the requirements of the secondary education system. Plans are being formulated for systematising the location of high schools in such a way as to link them up with the primary and Anglo-vernacular schools of a given area. That there is ample need for the regulation of the present secondary system may be gathered from the gloomy remarks descriptive of the present state of affairs which

A Gloomy Picture.

are to be found in the Reports of certain local Governments. For example, the Government of Bengal writes: " The entirely unsatisfactory condition of secondary education continued without fundamental change during the year. The inability of Government in 1923 to introduce its Secondary Education Bill into Council, and the unacceptability of the University draft, left the question of the future of the school administration in the Province still unsolved. The University Syndicate, overwhelmed with work at each of its weekly meetings,

continued to recognise or to refuse to recognise schools without being able to give the matter adequate attention or discussion, since each school's case came up as one item among anything from one to two hundred items of business. This is written in full recognition of the devotion with which the members of the Syndicate laboured at their impossible task. Meantime, in the greater number of the thousand high schools of Bengal, teachers worked on starvation wages without hope, prospects, or status; money which ideally should be given back to the schools by the body which controls them in an attempt to make them better, being lavished on the building up of an agency for advanced teaching and research, an agency which, valuable as it is to Bengal, cannot but be considered, as regards some of its developments, as dearly bought at the price of a moribund or anæmic school system. The hopeless condition of the private schools caused the proposal of the Retrenchment Committee to deprovincialise high schools to be strongly supported by the vast bulk of the private teachers of the province." Fortunately, however, the views expressed by the majority of local Governments are far less pessimistic. Revised methods of inspection; increased pay of the staff; the encouragement of manual training, of physical development and of the boy scout movement—all these are features broadly typical of the new *régime* in most parts of India.

The University System.

The general control of the university system, with the exception of certain all-India sectarian institutions and the Delhi University, falls within the province of the local Governments. The Government of India, however, under the reformed constitution, still retain certain functions in connection with university matters, particularly in the sphere of legislation. Of late, university education has undergone a striking change as a result of the lead supplied by the recommendations of the Calcutta University Commission. Up to some four years ago, the typical Indian university consisted of scattered colleges, one often separated from the other by many miles. With inadequate staff and inconsiderable equipment, these colleges, in the majority of cases, attempted to convey instruction far more elaborate than lay within their competence; while the university itself pursued a phantom existence as an examining body. In substitution for this system, the Calcutta University Commission recommended the creation of centralised unitary universities, residential and teaching

bodies in which all instruction was to be given by university officers under the direct control of the university authorities. This change was to be accompanied by the removal from the university stage of all tuition which did not strictly belong to it; and the creation of new institutions to be called intermediate colleges, which should provide a logical culmination to the secondary schools course, and enable the majority of pupils to obtain a complete education of a satisfactory kind without entering the university at all. But as India was studded with isolated colleges before the new idea took shape, the organisation of the revised type has been proceeding hand in hand with the multiplication of the new unitary universities. The majority of the reformed Provincial Governments are now giving effect to such recommendations of the Calcutta Univerisity Commission as seem to harmonies with local conditions. The lead was taken by the United Provinces where new universities have lately been opened at Aligarh and Lucknow; while the original university at Allahabad has been reconstructed in an attempt to follow the general lines recommended by the Commission. The Allahabad University now contains both an internal and an external side; the internal side following the lines of a unitary and residential university; the external side carrying on the old work of affiliation for the benefit of outlying colleges. The operation of this dual system has been attended by certain disadvantages; and the question whether an affiliating university cannot be started at Agra, to which the outside colleges can be attached, is under investigation. New universities have been established at Delhi, at Rangoon, and at Nagpur. There is a movement also for the creation of a separate university for Rajputana. In Bengal, the University of Calcutta is in the throes of reorganization. The University of Dacca, which was constituted strictly on the lines recommended by the Calcutta University Commission, continues to function usefully. The universities of the Punjab and of Bombay have developed new honours courses, and added university teachers. The Madras University has been remodelled by a recent Act which provides for a change in the controlling authorities; and seeks to differentiate outside institutions affiliated to the university into those which are and those which are not to be developed as potential university centres. The development of the Indian university system upon sound lines depends

Proposals of the Calcutta Commission.

Action thereon.

largely upon the extent to which the new intermediate colleges succeed. These institutions may well relieve the universities of elementary work and permit them to undertake the higher activities which strictly belong to them. But it is to be noticed that the intermediate colleges have still to make their way; and in certain provinces there are signs of a tendency to re-impose university control over instruction of the intermediate stage, owing to the prejudice against any lengthening of the degree course. We should further remark, in connection with the future prospects of higher education in India, that the multiplication of universities is not without its dangers. Already in Northern India, where new institutions are springing up with remarkable rapidity, there are signs of competition for undergraduates. Since the motive for this competition is very largely financial, it is likely to be attended, if suffered to persist, with undesirable consequences in the direction of lowered standards. The United Provinces Government remarked in July, 1924, " There is reason to fear that the establishment of self-governing universities is tending to lower the standard of higher education. Under the stress of financial pressure, the universities have begun to compete for students and the easier they make the courses and examinations, the more likely they are to be successful." Fortunately during the period under review, an encouraging development has occurred in the Indian university system which may contribute much to obviate this and other dangers caused by the rapid increase of autonomous institutions. The need for co-operation among the different Indian universities has for some time been pointed out from authoritative quarters; for it is only by means of such co-operation that the universities can regulate themselves, adjust their standards, and increase the prestige of university education throughout the country. In May, 1924, the Government of India summoned a Universities Conference at Simla and invited all the Indian universities to send representatives to it. The response was spontaneous, and the results satisfactory. The importance attached by Government to the movement may be judged from the fact that Lord Reading himself delivered an inaugural address. The University representatives displayed a developed sense of responsibility and a full appreciation of the fact that since government control was now virtually non-

Future Prospects.

Ominous Tendencies.

A Possible Solution.

existent, the future of university education lay in their own hands. A wide range of subjects was discussed; and nearly 50 resolutions were formulated. But the most far-reaching recommendation made by the Conference related to the establishment of an Inter-University Board for India, which should be empowered to negotiate with overseas bodies, to encourage co-operation between the Indian universities, and to facilitate the maintenance of high standards and modern methods of instruction. The Government of India took prompt action on all the resolutions which required their action; and brought the remainder to the attention of the authorities concerned.

The Inter-University Board.

It seems justifiable to conclude that the transfer of education to popular control has been accompanied by developments in many directions. These developments would have been even more marked, save for two unfavourable factors. The first was widespread financial stringency; the second, political agitation. During the first three years of the new *régime*, both operated to depress educational progress. The former was particularly serious. Not only were the provincial resources at a low ebb owing to the prevailing conditions in agriculture and commerce; but in addition, the finances of the Central Government made it imperative to call upon the provinces for the heavy subventions arranged under the Meston settlement. As a result, education, like other transferred departments, has suffered a severe handicap. This will be apparent from the fact that the provincial expenditure from Government funds on education works out at a yearly *per capita* average of Re. 0·39. This is an improvement on the 1922-23 figure of Re. 0·37, but it is still pitiably inadequate. Moreover, it is merely an average; and the inequalities of provincial revenue, together with the disproportion between revenue and population which characterises many local Governments, have placed even this modest figure beyond the capacity of certain provinces. Accordingly, during the first three years of the Reforms, many useful schemes had to be held in abeyance for want of funds. Programmes of expansion of primary education, to which many Provinces were eager to commit themselves, could not be satisfactorily carried out. The number of inspectors and other educational officers was in many cases curtailed. In consequence, the general progress

Education "Transferred" at a difficult time. Financial Stringency.

in many directions has not been proportionate to the enthusiasm displayed by those in charge of educational strategy. It would be a mistake, however, to suppose that financial stringency has operated in a direction entirely sinister. It had led to a minute investigation into the existing resources with a view to their more effective utilisation. It has led to the general overhauling of the educational machinery; to the more advantageous employment of the available officers; and to the concentration of educational effort upon certain limited tasks possible of accomplishment. Certain provinces have been able to show very striking results from this policy. For example in the Punjab between 1921-23 the percentage increase in expenditure on primary schools was only one-quarter of the percentage increase in the number of scholars. Further, in the secondary schools, while the number of pupils increased by 15·3 per cent., the budget for secondary education was enhanced by 8 per cent. only.

Resulting Economies.

The troubled political situation has offered a further obstacle to immediate educational expansion. As was pointed out in previous statements, the non-co-operation campaign included in its programme a concerted attack upon the whole educational structure, and the creation of a parallel machinery of " national " instruction. The actual results varied from province to province, but in general it was responsible for a decline in the number of pupils under instruction in Government schools, and for a serious depression of educational finance. Student discipline was gravely affected, leading to serious offences against school and college regulations. Unfortunately, the debit items were not offset by any satisfactory entries on the credit side. The educational authorities throughout the country would certainly have welcomed the inauguration of the experiment of " national education." But before long it was clear that such distinctive features as the new schools showed were unworthy of imitation. There was little evidence that the vernacular was more extensively used in the " national " schools than in the recognized institutions; while the curriculum differed very little from that prescribed by the Education Department. It has been stated that the teachers " were all products of the recognised system, and were only qualified to teach what they had learned. Too often they were not qualified even to do this, and

Troubled Political Atmosphere.

The Experiment of " National Education."

the discipline of the new schools was notoriously lax." Further, great stress was laid upon the use of the spinning-wheel. Whatever the economic value of this implement may be as a supplementary source of income in the rural areas, it has little worth in education as compared with other forms of hand and eye training. The mere monotony of spinning is sufficient to explain why the practice quickly fell into disuse in the majority of institutions. With the wane of the non-co-operation campaign, the majority of the national schools have disappeared. From almost every province it is reported that the best of them have now sought and gained official recognition; are welcoming the co-operation of the Education Department; and are playing their part in the task of progress. It should, however, be noticed that the idealism characterising the better side of the movement has not proved wholly infructuous, since the conception of large educational institutions carried on without help from Government is a distinct contribution to the future, even if the realization is yet to come. Further, it has brought to light evidence of a genuine dissatisfaction with the present character of the education supplied to the people of the country, and has led those in charge of this important subject to devote increasing attention to the necessity of bringing the curriculum into harmony with the changing requirements of India. But the non-co-operation movement and its legacies have, as a whole, hindered rather than helped educational development. So recently as March, 1924, a Bill to facilitate the introduction of compulsion in primary education, was held up by the action of the Legislative Council of the Central Provinces, which rejected the project without discussion, simply because it emanated from Government. It must be plain that so long as this spirit remains operative, no matter in how restricted a degree, the educational progress of the country in general must necessarily suffer.

General Progress.

Despite the two disadvantages to which we have referred, the last four years have witnessed considerable progress in almost every province. Between 1922-23, for example, and 1923-24, the total number of pupils under instruction in all India has risen from 8·79 millions to 9·32 millions. The increase during this period is most noticeable in Madras, with an addition of 155,000 pupils. Bengal can show an increase of 106,000; the United Provinces of 69,000; the Punjab of 64,000; and Bihar and Orissa of 63,000. In other

parts, the advance is less marked; but is nonetheless of a substantial character almost everywhere. In the light of the educational requirements of India, this progress must be counted insufficient; but it represents only the first fruits of the process of re-organization, the full effects of which have been delayed both by financial stringency and by political unrest.

"Provincialism."

A perusal of the reports of the Departments of Public Instruction of the various Indian provinces, while it produces an impression of vitality and of general optimism for the future, reveals a marked divergence in the lines of development now being simultaneously undertaken in the various parts of the country. It is, of course, inevitable that each province should develop its own educational policy; for provincial conditions differ widely. But there are certain matters in which local or provincial variation may affect adversely the general progress of education. We have already noticed the complaint that the multiplication of universities is beginning to lead, under the pressure of competition, to the lowering of standards in certain institutions. Again, while it is natural that a province should recruit its officers from among its own population, the extension of this principle to academic appointments is likely to result in a certain deterioration. It is, therefore, much to be regretted that on account of financial stringency, the Central Advisory Board of Education, which was the only body competent to collate, for the benefit of the provinces, the educational experience derived from the whole of India, has been abolished. It is perfectly true that education has now passed under the control of the Provincial Governments; but, for this very reason, some machinery is required through which the Central Administration may mitigate provincial particularism by encouraging conferences between provincial authorities; by pooling experience; and by keeping steadily before the eyes of the people the national as opposed to provincial aspects of education. We have already noticed, as a healthy development, the proposal for the creation of an Inter-University Board. But university education is after all but a single branch of the whole problem. Unless the principle of co-operation can be more widely extended, extreme provincialism in public institutions may well result in accentuating rather than in obliterating racial, linguistic, and provincial lines of cleavage, to the postponement rather than the acceleration of a united Indian nationality.

We may conclude this review of Indian education by a brief notice of certain particular problems. In connection with the general attack upon the illiteracy, it must be noticed that until recently the authorities confined themselves primarily to those sections of the population which are of a school-going age. But it is now realized by many local Governments that a very large part of the education now needed in India is adult education; and particularly adult education of a kind which will supply the new electorates with some guidance in the use of the suffrage which constitutional reforms have placed in their hands. So far as the town population is concerned, there is a great scope for the university extension movement. But the main problem attending adult education is that of reaching the country districts. For the education of the rural community an excellent beginning is being made by the Departments of Agriculture, Public Health and Co-operative Credit, which in various parts of India organize lectures on matters directly affecting the welfare of the people. In the Punjab, in Madras, and in Bombay, the Night School movement is now very promising. At small cost to the Administration, school buildings and school teachers are utilised, after school hours, for the instruction of adults. The future implications of this line of progress are very important. If once the cultivating classes can be convinced that education is of practical advantage to them, many of the problems of India will be solved. Such an attitude will change the face of the problem now presented by Indian illiteracy; for it becomes plainer and plainer that until the desire for universal primary education is sufficiently intense among the people themselves to induce them to put forward the effort necessary for its encouragement, illiteracy cannot be eradicated.

Adult Education.

The problem of adult education is formidable; but its solution appears almost straightforward in comparison with the complexities presented by another question, upon which depends the whole future of the country—the education of Indian women. We have already pointed out on various pages of this Statement the immense handicap which general illiteracy and conservatism on the part of 50 per cent. of India's population must necessarily impose upon the progress of the country. The outstanding difficulty in educating Indian women is throughout most of India the complete absence of effective demand. Until quite recently, all but a few advanced thinkers were opposed

Women's Education.

to the education of girls. Certain communities, it is true, whose social practices are generally enlightened, have from time immemorial insisted upon female education; but the immense preponderance of opinion in India still declines to be convinced of its necessity. So long as there is no genuine demand for the education of women, progress in this direction is hampered by serious obstacles. The *parda* system; the inadequate supply of women teachers; the difficulty of devising courses of instruction; these and many other problems are likely to remain almost insoluble unless they are swept aside by a great wave of enthusiasm—which is dependent upon a change in the whole public attitude of India towards women-kind. It must not be imagined, however, that female education is being neglected by the authorities. In almost every province, the number of girls under instruction is steadily increasing. High schools and colleges are being multiplied; and energetic propaganda work is being undertaken. It is the magnitude of the problem, rather than the lack of effort, which makes the rate of progress seem so painfully slow.

CHAPTER V.

Parties and Politics.

In the four preceding chapters we have summarily described the international, the administrative, the economic, and the social aspects of India during the period with which this Statement is concerned. We may now proceed to discuss the interplay of political groups and parties throughout the same period. Here a word of explanation seems necessary. It is by design and not by accident that the description of the currents of internal politics has been thus far postponed. For, only in relation to the conditions described in the earlier chapters, can the political record be made to fall into its proper place in the story of India during the year 1924-25.

Why this Chapter Stands Last.

The first impression which one gathers from a survey of the political conditions during the months covered by this Statement, is that of apathy. A series of prosperous years and a steady return towards economic stability have tended to divert in other directions the interest which the masses, only a few years ago, began to exhibit in political questions. The vast majority of the Indian people have experienced a sense of disappointment at the failure of their political leaders to attain the promised millennium. In consequence, they have withdrawn more and more into the circle of their own immediate affairs, and have turned a deaf ear to the appeals frequently directed to their address. They have shown themselves unwilling to subscribe to political funds; to join in political demonstrations; to sacrifice their time and their energy on behalf of causes which they but vaguely comprehend. Corresponding to this apathy on the part of the masses of the population, we must notice a general sense of discouragement pervading those sections of the educated classes which are interested in politics. The majority of the Indian intelligentsia are still suffering from emotional exhaustion, induced by the non-co-operation campaign. They are depressed by its failure; they are disconcerted by the stagnation which has lately over-taken the political life of the country.

Apathy.

It is impossible rightly to estimate the currents of party politics during the year 1924-25 without some reference, however brief, to Mr. Gandhi's remarkable movement. This was in essence an attempt to assert the claims of Indian civilization, of Indian culture, and of Indian values against the dominance of the Western world. As such, it attracted to its banner many who approved the ends for which it stood rather than the means which it advocated for their attainment. The failure of the campaign to achieve these ends while leaving their brightness still undimmed, has subjected efforts to attain them along other lines to certain serious handicaps. During the period under review, Indian political life has been broadly conditioned by two heritages of Mr. Gandhi's movement. The first is the refusal of a large and influential section of the educated classes to work the reformed constitution in the spirit postulated by its designers; the second is a dangerous and widespread communal tension. But for the disability represented by these legacies, the year might have been more notable. In actual fact, the political record of 1924-25 centres round the endeavour, by those who were once followers of Mr. Gandhi, to redress these two fundamental difficulties.

Sequelae of Mr. Gandhi's Movement.

Even before Mr. Gandhi's removal from the sphere of active politics, there had not been wanting a section of his followers who believed that some, at least of his boycotts, were disastrous to the true interests of the cause which he had at heart. The utter failure of his campaign to achieve the ends for which it was designed considerably strengthened both the conviction and the prestige of the malcontents. By the end of the year 1922, the Civil Disobedience Enquiry Committee, appointed by the Indian National Congress, showed that the so-called "constructive programme" to which Mr. Gandhi had committed his followers shortly before his incarceration, was useless as a political platform. The popularization of the spinning wheel and of homespun cloth; the salvation of the depressed classes; and the enlistment of Hindus and Mussalmans alike in the Indian National Congress, though useful in themselves, did not constitute a rousing battlecry. Hence, two sections of opinion developed in the Congress Camp. One section, still under the influence of Mr. Gandhi, pinned their

The First Legacy of Non-Co-Operation; Council Boycott.

Rise of a "Council-entry" party.

faith to his boycotts in their original form. They were known as the No-changers. The other section headed by Pandit Motilal Nehru and Mr. C. R. Das, believed that the Indian National Congress was involved in a *cul-de-sac* from which the only exit lay in the reversal of Mr. Gandhi's ban against entering the new Councils. At the Gaya Congress in December, 1922, the No-changers were victorious. The dissentients constituted themselves into what they called the Congress-Khilafat Swaraj party, which was to work within the Congress organization for the conversion of their opponents to the policy of Council-entry. During 1923, this party, which attracted an increasing number of able followers, steadily gained ground. The No-changers suffered both in numbers and in prestige; and their last attempt to assert themselves, in what was known as the National Flag movement at Nagpur, proved a disastrous failure. When the All-India Congress Committee met in Bombay at the close of May, 1923, the Council entry programme won a notable success, since it was agreed that no propaganda should be carried on amongst voters in furtherance of the resolution directing the boycott of the new constitution. Throughout the summer, the Swaraj Party steadily gained ground at the expense of the No-changers. The tide was finally turned in their favour by the result of the special Congress held in Delhi in September, 1923. In the course of the proceedings, Mr. Muhammad Ali announced that he had received a telepathic message from Mr. Gandhi in Yerawada Jail, approving of the modification of the boycotts in favour of Council entry. A resolution to the effect that individual Congress men should be allowed to exercise their discretion in standing as candidates for the Councils was carried, after a somewhat heated discussion. The Swaraj Party had, therefore, attained their end. They had received sanction for contesting the 1923 elections; and while they had agreed not to utilize the formal machinery of the Congress for the enhancement of their own prospects, there was a natural tendency on the part of the local Congress organizations, save those who happened to be under the control of convinced members of the No-change party, to strain every nerve for their assistance. Moreover, the Swarajists had succeeded by careful and painstaking toil in constructing a very efficient party machine of their own. They had collected funds; they had enlisted workers; they had organized a party press. For some months they had conducted a steady and well-directed propaganda among the electorate,

Struggles and Victory.

whom they could now approach with all the prestige then attaching to the followers of Mr. Gandhi. It was, in fact, as Mr. Gandhi's "men" that the Swaraj Party emerged into the public eye. They pledged themselves to achieve the objects to which he had devoted himself, although at the cost of certain deviations from his policy. On the eve of the elections, they issued a party manifesto in which they laid stress upon the fact that they were entering the Councils in order to ensure that the new constitutional machinery should not be exploited for anti-national purposes. They intended to present an ultimatum to Government demanding the right of the Indian nation to control its own destiny. In the event of the demand being refused, the Party pledged itself to a policy of uniform, continuous and consistent obstruction with a view to making Government, through the Assembly and the Councils, impossible. The Swarajists steadfastly maintained that their position was a logical development from the principles of Mr. Gandhi's original campaign. The only distinction, so they argued, was that instead of attempting to destroy the Councils from without—a project which had proved impossible in practice—they had set themselves to wreck the machinery of the Councils from within. That this change was, in fact, one of vital principle was a point upon which, for obvious reasons, they laid little stress. Mr. Gandhi had regarded the Councils as something unholy, something with which no patriotic Indian ought to defile himself by contact. There was all the difference between such a position and the programme marked out by the Swaraj Party. For whatever their ultimate intentions might be, it was impossible to disguise the fact that they were in effect associating themselves with the machinery of the new reformed constitution.

Swarajists as Mr. Gandhi's men.

Declaration of their "Wrecking" Policy.

In the 1923 elections, the Swaraj Party devoted the major portion of their energies to attacking the Liberals, who had remained in control of the new constitutional machinery since its inception. In the struggle, the Liberals suffered from certain severe handicaps. During their period of office, they had lacked the stimulus of a genuine opposition within the Councils. In consequence, both their unity and their organization had deteriorated. Personal considerations rather than questions of principle largely dominated the work of the first reformed legislatures. Worse still, the Liberals

The 1923 elections.

had been obliged to work in isolation from the main currents of Indian political opinion. They had accepted office at a time when self-sacrifice was a catch-word in the mouths of many; in their clear perception of the direction in which the true interests of the country lay, they had incurred the charge of being partisans of the executive Government. Though they were in the Councils, they were largely out of touch with their constituents. Many of the sitting members could not obtain a hearing on any public platform. Their record of work, substantial and praiseworthy though it was, was powerless to influence in their favour an ignorant and prejudiced electorate. Moreover, some of them appear to have lost faith in the efficacy of the reformed constitution. In their disappointment that they had been unable to dominate in every sphere the policy of the executive, they lost sight of the substantial advance which had been made in many directions towards the satisfaction of Indian sentiment. Finally, a series of events beyond their control—to which detailed reference was made in last year's Statement—had involved them in the unpopularity attaching to the Government with which they were endeavouring to co-operate. Thus discouraged, disunited among themselves, with no effective party organization, the Liberals fell victims to their more aggressive and better-disciplined opponents.

Position of the Liberals.

The fact that the Swaraj Party did not obtain a working majority in all the Councils must be ascribed principally to the fact that there were shades of opinion, other than Liberal, which refused to subscribe to their party principles. There remained an extremely important class of candidates who may best be described by the name of "Independent." The term is of little value as a political label for those who stood as Independent candidates belonged to many schools: but they had, as a rule, one thing in common; they were generally men of local influence. In any case, they possessed a definite status within their constituency which enabled them to stand without reference to a party ticket. And while the Swarajists were largely successful in their campaign against the Liberals, they did not enjoy anything like the same measure of victory over those Independents who refused to subscribe to their principles. The result was that only in the Central Provinces Council did the Swaraj Party enjoy a

Success of the Swaraj Party.

Limitations.

clear majority. In Bengal, they represented the strongest individual group, but without the aid of a coalition they could not hope to enjoy supremacy. In Bombay and in the United Provinces, though they were returned in considerable numbers, they had not the majority of votes. In Madras, in the Punjab, and in Bihar and Orissa, they were very weak. In the Central Legislature, upon which they had concentrated a large proportion of their forces, they failed to capture a fair half of the elected seats in the Assembly. Nevertheless, they had reason to be well satisfied with the result of the selections. They had definitely displaced their Liberal rivals as the exponents of the political ideals of the Indian intelligentsia.

Results of the Coconada Congress.

It will thus be apparent that at the commencement of the year 1924, the Swaraj Party, by their energy and by their initiative, had succeeded in redressing one of the two serious consequences of Mr. Gandhi's non-co-operation programme. But their position within the Congress was still not free from difficulty; and in December, 1923, a definite breach between the Swarajists and the No-changers was again averted with some difficulty. While the Delhi compromise was re-affirmed; the Congress once more committed itself to Mr. Gandhi's original programme of the triple boycott, in which the boycott of the Councils was included. The upshot of the Coconada meeting of the Congress was that the Swarajists and the No-changers seemed likely to be free to pursue their chosen courses. The Swarajists leaders proceeded to cement, in the most effective manner, the discipline of their group. The General Council of the party laid down certain rules for the conduct of party members in every legislature; declaring that the candidates elected on the Swaraj ticket would be held rigorously to their pledge. It was determined that the demand the Party proposed to present to Government should take the shape of an ultimatum demanding the release of all political prisoners, the repeal of all repressive laws, and the summoning of a National Convention to lay down the lines of the future constitution for India. In the event of Government proving recalcitrant, a policy of obstruction and wreckage was to be ruthlessly adopted. It was further laid down that no member of the Swaraj Party was to accept office, to offer himself as a candidate for any Select Committee, or to accept a seat thereon; and that no member was to take part as an individual in the ordinary current

Swarajist Organization and Programme.

business of the House. An earnest of the determination of the Swarajists to stand aloof from the constitution was provided by their refusal, in the Legislatures where they formed the most considerable group, to form Ministries when invited to do so.

There remained, however, the second of the disastrous legacies of Mr. Gandhi's campaign; and in their endeavours to dispose of this difficulty, the Swarajists were entirely unsuccessful.

We have already noticed in an earlier chapter that communal discord in India constitutes a standing source of anxiety to the authorities. The instinct of communalism is very strong; and ties of creed and caste ever threaten, at the best of times, to drown the faint call of civic obligation. By far the most serious manifestation of this sectionalism is presented by the relations between the Hindu and Mussulman communities. The main difficulty lies in the fact that Hinduism and Islam represent two antithetical, and in many respects antagonistic, systems of culture and civilization. Each possesses characteristic angularities, rigidly stereotyped by religious or *quasi*-religious sanctions; but each is compelled, by the Indian social organism, to live in contact so intimate with the other that friction is almost inevitable. Partly by enforcing order, partly by discouraging aggressive manifestations of communalism, the British Government consistently endeavours to minimise the occasions for discord. But Mr. Gandhi's campaign roused the uneasy spirit; and this in two ways. On the negative side, since he laboured strenuously to depress the authority of the State, Mr. Gandhi weakened the one power in India which can lead men to rise above communal considerations. Thus the spirit of defiance of law, engendered by the course of his campaign, seriously handicapped the State in its attempt to restrain communal discord. On the positive side, the effect was even more grave. Mr Gandhi, in identifying himself with extreme Muslim contention over the Khilafat question, edeavoured to exploit, in pursuit of internal political ends, and assert, the solidarity between Indian Mussalmans and Islam outside India. For Muslims and Hindus, alike Mr. Gandhi's motto was "religion above all things." He taught that the existing Government was satanic; that the dictates of a creed were uncompromising and irrevocable. Sectarian passion

The second Legacy of Non-Co-Operation—Communal Discord.

Influence of Non-Co-Operation.

Mr. Gandhi's Perilous Experiment.

rose high, in the first instance, against the Government. But the terrible Moplah outbreak revealed to the Hindus, as by a lightening flash, a danger which they had only temporarily forgotten. The political *entente* between the too communicaties weakened. From events external to India, it received its death-blow. Peace between Turkey and the Allies was made effective on accepted terms: and not long after, the Turks first deprived their Sultan-Khalifa of all civil power, and then abolished the Khilafat entirely. The spirit of aggression, which had been so wantonly roused among the Mussalmans, was suddenly deprived of its anti-Government bias. Plainly Mr. Gandhi had not helped the Khilafat cause; since, despite his aid, the very institution on whose behalf so much sentiment had been aroused, was now destroyed. A reaction set in. The Indian Mussalmans turned their eyes from foreign to domestic questions. What they saw alarmed them. They numbered 70 millions; none-the-less, they were in a minority as compared with the Hindus. Further, while they cherished militant traditions and the memories of an Empire in India, they were now inferior in education, in wealth and in vested interests to their rivals. How then would they fare when Swaraj were attained? Their communal anxiety increased rapidly, and they put forward claims which, by turn, exasperated and alarmed the Hindus. Before long the situation clearly crystallised. The Mussalmans would not advance one step towards the acquisition of Swaraj until their future was secured. Since Mr. Gandhi had inculcated the doctrine that a man's religion is all that matters; since he had execrated and despised secular authority, the Mussalmans naturally fell back upon the dictates of their own militant creed. This attitude was necessarily reflected by the Hindus, now fully alive to the horrors perpetrated in the name of Islam by the Moplahs. The real significance of Mr. Gandhi's policy for the first time became apparent. Blind to the lessons of history, he had taught men, while exalting God, to despise Caesar. But in India, as it has been well said, Caesar is one, while God is worshipped in many forms, whose adherents dwell in mutual toleration only through Caesar's constraint. Inevitably, therefore, Mr. Gandhi's doctrine brought not peace, but a sword to his luckless country.

"Hindu-Muslim Unity" Break Down.

Through 1922 and 1923 communal dissensions grew apace. In the latter year in particular, the tension between the Hindu and

Mussalman masses lamentably increased. In March and April there were open riots of a serious nature in Amritsar, Multan, and in other parts of the Punjab. In May there were further riots at Amritsar, and a disturbance in Sind. In June and July there were communal outbreaks in Moradabad and Meerut as well as in the Allahabad district of the United Provinces, and a serious riot at Ajmer. In August and September there were further outbreaks of a distressing character at Amritsar, Panipat, Jubbulpore, Gonda, Agra, and Rai Bareilly. Most serious of all was the disturbance which occurred at Saharanpur in connection with the Mohurram festival. This was among the most formidable religious riots which have occurred in India during recent years, being accompanied by murder, arson and looting. Now in proportion to the size of India and the magnitude of its population, the extent of such disturbances as these may well seem small. But quite apart from the anxiety which they occasion the local authorities and the serious strain they place upon the administrative machinery, their real significance lies in the fact that they are but the outward symptoms of a deep-lying antagonism between the two communities. In many places, where riots did not occur at all, the tension between the Hindus and Mussalmans was very grave; and it was only where this tension reached breaking-point, that open disorder occurred. During the year 1923 in particular, the flame of communal feeling fed upon events which, under happier conditions, might have passed unnoticed. The redistribution of seats upon municipalities and district boards; the appointment of particular individuals to official positions; together with many other incidents, of themselves quite harmless, combined to provide the excuse for fresh bitterness.

Communal feeling in 1922 and 1923.

Far more serious than the actual riots, as an indication of the feeling between the two communities, was the growth of a tendency on the part both of Hindus and of Mussalmans, to gird themselves in preparation for future eventualities. In 1923, the Hindus of the United Provinces continued to organise a " reclamation " (Shuddhi) movement for recalling to the fold of orthodox Hinduism certain communities who were Mussalman merely in name. This represented one manifestation of the Hindu Maha Sabha movement, the aim of which is to infuse fresh life into Hinduism and to organize the Hindus as a community in opposition to those who would

Communities Mobilise.

threaten their interests. The Maha Sabha movement has established active branches in various localities, which encourage physical culture among the Hindus, and, in general, foster the growth of a militant spirit for the progress of the community. The whole movement for the reclamation of *quasi*-Hindus; for the organization of the Hindu Community for self-advance; and for the encouragement of a compact and disciplined organization, is conveniently known as *Sangathan*. In opposition to this manifestation, the Mussalmans have organized the *Tanzim* movement. This aims at the enlargement of the Mussalman community by conversion from other creeds; at the organization of an Islamic brotherhood to protect the interests of Mussalmans; and at the concentration of the efforts of the community to resist attempts at the reclamation of any members to the fold of Hinduism.

Sangathan.

Tanzim.

It may well be imagined that such a state of affairs, following as it did upon the feet of Mr. Gandhi's boasted Hindu-Muslim unity, constituted a grave obstacle to the progress of the nationalist campaign. No real political activity, as this is generally understood by the educated classes in India, can come into existence unless a working agreement between the Hindus and Mussalmans is established. During the last three months of 1923, prominent Congressmen devoted much attention to the task of healing communal dissensions. At the Delhi Congress of September, 1923, the supreme necessity, from the political point of view, of bridging the gulf between the two communities was fully recognised, and a small committee was nominated to prepare a draft for a national pact. This pact did not touch some of the thorniest questions which divide the Hindus and Mussalmans, in particular having nothing to say regarding the vexed matter of communal representation in regard to power and office. Subsequently, Mr. C. R. Das and certain of his friends drew up for Bengal a draft of a Hindu-Mussalman pact which attempted to lay down a definite proportional representation in all offices for the two communities. Representation to the local bodies was to be in the proportion of sixty to forty; sixty to the community which was in the majority, and forty to the minority. It was also proposed that 55 per cent. of the Government posts should go to Muhammadans. From the point of view of conciliating Muham-

Effects of Communal Tension on Politics.

"National" and "Bengal" Pacts.

madan opinion in Bengal and enabling the Swarajists in that Province to build up a working majority in the local council, this agreement seems to have served its purpose for the moment. But it at once aroused a flame of opposition among Hindus of every political complexion; and was decisively defeated at the Coconada meeting of the Indian National Congress.

The Beginning of 1924.

This then was the situation at the opening of the year 1924. The Swarajists were in the Councils and most of the Liberals remained outside. Both parties were in good heart; the Swarajists because they had triumphed at the hustings; the Liberals because they regarded the new position of the Swarajists as demonstrating the correctness of their own policy of "responsive co-operation". At the same time communal dissensions were an open sore throughout India; and were effectively paralysing any attempt to set on foot a nation-wide campaign of agitation against Government.

Swarajists and Liberals: Agreement and Differences.

The Swarajists shortly proceeded to show the manner in which they differed from their Liberal opponents. So far as aims were concerned, there was substantial identity between the two parties. In the first place, both the Swarajists and the Liberals were determined to press for early constitutional advance. They both agreed that the present measure of Reforms was unsatisfactory from the point of view of the national aspirations of India. They were both determined, each in their own particular manner, to bring pressure to bear upon the executive in order to force them to an early revision of the constitution. They were agreed upon the necessity of taking measures to vindicate the rights of Indians overseas; upon the urgency of Indianising the Army and the public services; upon the institution of a protective tariff and the encouragement of national industries. But in methods there was much difference between the two. On the one hand, the recent political change in England, which had brought the Labour Party in power, inspired the Liberals with the hope that concessions of some kind would soon be made in order to meet the desire for constitutional advance. They were accordingly disposed, while not ceasing to press their point of view on the authorities, to refrain from such action as might be embarrassing to His Majesty's Government. And while they regarded the machinery of the Government of India Act as unsatisfactory, they were content to operate, as it were, within the general scheme

for which that Act stood. They desired the early appointment of a Royal Commission to revise the existing constitution; they complained that the rate of advance had been too slow; and they demanded its acceleration. But while they stood uncompromisingly for progress, they also believed in constitutional development upon the foundations already laid. They showed no disposition to quarrel with the general line of procedure outlined in the Declaration of August 20th, 1917. On the other hand, the attitude of the Swarajists was entirely different. They questioned the correctness of the entire premises upon which the scheme of Indian constitutional advance had hitherto been based. In particular, they did not accept the preamble of the Government of India Act, which made the British Parliament a judge of the time and manner of India's constitutional advance. They therefore demanded the complete overhauling, in accordance with their own conceptions, not merely of the existing constitutional position, but of the whole theory of the relations between India and the British Parliament.

Where circumstances were in their favour, the Swarajists made an early effort to carry out their policy of paralysing Government.

Swarajists in the Central Provinces, 1924-25.

In the Central Provinces, after the leaders of the party had refused to accept office as Minister, they voted down every Government measure indiscriminately. They carried a vote of want of confidence against the Ministers; and followed this up at a later stage by fixing the Ministers' salaries at the farcical figure of Rs. 2 per annum. When the budget of the Central Provinces Government was presented, the Swarajists majority refused all the supplies which lay it in their power to vote. The Governor was thereupon obliged to put into operation the emergency powers conferred upon him by the constitution. So far as the Reserved subjects were concerned, the expenditure which the Council had refused to sanction was restored, with the exception of some items which could be postponed without serious hindrance to the administration. In the sphere of Transferred subjects, the consequences of their action were more serious; for the Governor's power was limited to providing the funds which he considered necessary for carrying on Government. Had full effect been given to the Council's vote, the colleges and schools would have been closed, the work of hospitals and dispensaries would have come to a stand-still; roads and buildings would no longer have been kept in repair, and thousands of officials belong-

ing to various grades in the Provincial services would have been discharged. In a word, from the point of view of the general public, Government would have been limited to the bare requirements of law and order. It was considered necessary to obviate consequences so serious; and although schemes of development and new expenditure on the Transferred side were held in abeyance, the essential services were maintained. But since the Council had refused to vote the salaries of Ministers, the office of Ministers could not be filled; and the Governor was obliged to take over the administration of the Transferred subjects. The Central Provinces have thus been deprived of the most important advance towards responsibility provided by the Government of India Act. Throughout 1924, this state of affairs continued. During the summer, the local Administration endeavoured, by various means to expose to the electorate the folly of the policy pursued by their representatives, and to bring home to them its consequences. It soon became apparent however, that, while the Swarajists had succeeded in securing a temporary suspension of the most characteristic features of the reformed constitution, they had altogether failed to bring the machinery of Government to a standstill; they had merely succeeded in preventing development in certain departments in the progress of which educated Indian opinion is somewhat keenly interested. Possibly for this reason, in the course of the year 1924, a certain change seems to have come over the attitude of the Swaraj Party in the Central Provinces Council. Whether this was due to a perception that their previous policy was not yielding the results which they anticipated; or whether they found themselves to some extent deprived of the sympathy of the electorate, it is impossible at the present moment accurately to determine. But the fact remains that when the budget for the year 1925 was presented to the Council, it did not undergo the fate of the budget of 1924. The proposed vote for the Ministerial salaries was, it is true, again reduced to the existing figure of Rs. 2 per annum; but, with this exception, the demands for grants were passed broadly as presented.

In Bengal January—March 1924.

In the Province of Bengal also, the Swaraj Party enjoyed a considerable measure of success in their attempt to bring dyarchy to an end. They formed a coalition, consisting largely of Muhammadan members, which, during the earlier part of the first session of the new Council, gave them a bare majority inside the House. In

accordance with the published programme, the first move was to put forward resolutions recommending the release of detenus under Regulation III of 1818; the release of all " political " prisoners and the repeal of " repressive " laws. Upon all these points Government was defeated. In February, the Swaraj Party received a temporary set-back. A motion to apply a closure to the debate on the conduct of the Ministers who voted with Government on the resolutions mentioned above, resulted in a defeat by one vote; many Muhammadans refusing to vote against their co-religionists. Early in March, the loyalty of the Muhammadan members to Mr. C. R. Das was put to a further test, by a debate on a resolution proposing to give immediate effect to the principles of the Bengal Pact, by the appointment of 80 per cent. of Muhammadans to Government service until the number of Muhammadans in each branch became 55 per cent. of the whole cadre. The danger of disruption, which faced the Swaraj Party on this resolution was, however, met by the insistence of Mr. Das that the conditions of the pact were meant to come into operation only upon the attainment of Swaraj. The real test of strength between Government and the Swaraj Party in the Bengal Council came with the debate on the budget proposals which opened on March 18th. Lord Lytton personally placed the constitutional issues clearly before the Council. He pointed out the consequences of refusing the votes and rejecting the budget, laying special emphasis on the fact that, in respect of the Transferred Departments, the powers of the Government for authorising emergency expenditure are limited to the provision of money for bare necessities, and do not extend to the restoration of whole demands. This statement of the position had apparently some effect; for, although the Swarajists used every means to carry their various motions for reduction and total refusal of demands, their greatest success was on the Reserved and not on the Transferred side. Under the Reserved heads, every demand was rejected except that under the head of Police, which was finally voted with certain amendments. On the Transferred side, on the other hand, all demands were granted except those for Ministers' salaries, for the education inspectorate, and for medical establishments. In all cases, the voting was extremely close; and the local Government states that, for the most part, the results of particular divisions were accidental and dependent upon the attendance at the time. The Swarajists had failed in their object of totally rejecting the budget. They had, nevertheless, created a position of consider-

able constitutional difficulty. So far as the demands for Reserved subjects were concerned, Lord Lytton had no alternative but to restore those which had been rejected not on their merits, or for motives of economy, or as a criticism of the policy of the Department concerned, but simply as a protest against the present form of constitution. In the case of the Transferred Departments, however, Government was not able to relieve the Legislative Council of the responsibility entrusted to it by Parliament. The medical establishment on the voted list, whose pay had been refused by the Council, was in fact as much concerned with the administration of Jails, Police, Hospitals and other work of the Departments on the Reserved side as with the supervision of dispensaries and institutions coming under the Transferred Departments of Public Health. An arrangement was thus found possible by which the services of the officers concerned could be retained. No such plan was available in the case of the Education Department; and notices of discharge were issued upon 350 officers. The difficulty created by the refusal of the Council to provide any salaries for the Ministers was met for the time by the Ministers consenting to remain in office without salaries until the question could be resubmitted to the Council.

Swarajists in other Provinces.

At this point, we may, for a moment leave the history of the operations of the Swarajists in the Bengal Council. These operations, unlike those in the Central Provinces, have exercised a considerable influence upon the general political history throughout the year 1924 and may most conveniently be related as part of the main narrative. We may here notice, however, that in the majority of Provincial Legislatures, the Swaraj Party was far less successful than in the two instances we have described. Their strength, as a rule, only enabled them to exert pressure upon the executive when they operated in combination with other groups. In the Punjab, in the United Provinces, in Bihar and Orissa, in Madras and in Bombay, the new Councils did not display any disposition markedly different from their predecessors; and the entry of the Swarajist element produced comparatively little effect upon the actual course of business. Nevertheless, the refusal of a group which, in Bombay at least, represented the most considerable single party, to accept office under the new constitution, unquestionably exposed the delicately balanced machinery of the reforms to a strain which its designers had not intended it to bear.

While in the provincial sphere the Swarajists had made their influence felt only in two Councils, their conduct in the Central Legislature proved to be the dominating feature of the first session of the new Assembly. Since their total strength was under 50 votes it was early apparent to them that they would be unable to command a majority without the assistance of allies. They found their opportunity of building up a combination in the existence of a general desire, common to the Indian elected members in the House, for further constitutional advance. A resolution had been tabled by Mr. Rangachariar, recommending to the Governor General in Council to take steps to revise the Government of India Act in such a manner as to secure for India provincial autonomy in the provinces and full self-governing Dominion status within the Empire. While this proposition was far less radical than that to which the Swarajists had committed themselves in their electoral campaign, it provided them with an opportunity for coming to terms with a certain number of Independents. A coalition of 70 members was formed, who agreed that if Government made no satisfactory response to the resolution demanding constitutional progress, a policy of obstruction would be initiated by the combined group, which subsequently became known as the Nationalist party. It did not escape the notice of observers that the formation of such a coalition indicated a further departure by the Swarajists from the inherent principles of Mr. Gandhi's campaign. The Independent members who had joined the Swarajists in the formation of the Nationalist Party were far from favouring tactics of wreckage and obstruction; and it was therefore plain that, at least so far as their action inside the House was concerned, the Swarajists were committed to constitutional methods of procedure. It is further to be noticed that the Independent members of the Nationalist party stipulated that obstruction should never be launched unless it was sanctioned by three-fourths of the combined strength. Several prominent Independents were not satisfied even by this precaution; and stoutly refused to compromise their future action by setting their hand to any such pledge.

Swarajists in the Central Legislature, Delhi, 1924.

The "Nationalist Party".

For a fuller account of the debate on Mr. Rangachariar's resolution, which was by far the most momentous of the whole session

the reader is referred to last year's Statement. It is sufficient here to notice that with the exception of the elected European members, and of certain representatives of minority communities, the non-official side of the House adopted by an overwhelming majority the amendment put forward by Pandit Moti Lal Nehru, the leader of the Swaraj party in the Assembly, calling for the convening of a round table conference to recommend a scheme for the establishment of full responsible government. This scheme, after having been placed before a newly elected legislature was to be submitted to the British Parliament for embodiment in a statute. The attitude of Government towards the resolution and the amendment was indicated by Sir Malcolm Hailey in his promise that there would be an immediate investigation of the complaints against the working of the present constitution. This was subsequently amplified by his announcement that if the enquiry revealed the possibility of advance within the Act, the Government of India were willing to make recommendations to that effect. On the other hand, if no advance was found possible without amending the constitution, the question of immediate progress must, he said, be regarded as an entirely separate issue upon which Government were in no way committed. In the Second Chapter of the present Report, we have briefly described the origin, progress, and results of the promised investigation. But from the point of view of the Assembly, the debate on Mr. Rangachariar's resolution had more immediate consequences. The majority of elected members of the House, with the exception of the Europeans, were bitterly disappointed by what they regarded as the meagre measure of concession granted by His Majesty's Government. Hence for the remainder of the Session, the business was very largely controlled by the Swarajists, whose party discipline generally secured them a working majority in the conclave of the Nationalist group. It will be recalled that the Assembly took the unprecedented course, when the budget was presented of throwing out the first four heads under the demands for Grants as a political protest against the attitude of the Government of India in relation to constitutional advance. This was followed by the refusal of leave to introduce the Finance Bill. Against this step the European elected members whose

The Debate on Constitutional Advance.

Attitude of Government.

influence is far greater than their numbers would suggest, together with a number of Independents, strongly protested; but the Nationalist group was sufficiently solid to impose its will upon the House by a small majority. Other defeats inflicted upon Government during the Session included the passing of resolutions asking for an enquiry into the grievances of the Sikh community; for the repeal of Bengal Regulation III of 1818 and the Criminal Law Amendment Act of 1908; and demanding the imposition of a countervailing duty upon South African coal. It was thus broadly clear that the Swarajists had succeeded in building up within the Assembly a powerful constitutional opposition to the Executive. As was forcibly pointed out on more than one occasion, the gulf which now separated the Swarajists from non-co-operation, as understood by Mr. Gandhi, was considerable. They had stood for constituencies created under the Government of India Act; they were conforming to the rules of the House which were also a product of that Act; nay more, they were utilising the machinery set up by the Reforms to record a constitutional protest. So far from indulging in the wholesale programme of obstruction and wreckage upon which they had at one time laid stress, they were taking a prominent part in the ordinary business of the House. For the rest, the Session served conclusively to demonstrate the general unanimity with which the section of Indian opinion represented in the Assembly viewed the question of constitutional advance.

Swarajists break from Non-Co-operation.

But while the Swarajists might well congratulate themselves on having discovered a way out of the *impasse* of non-co-operation, their difficulties under this head were by no means at an end. The release of Mr. Gandhi on February 5th, 1924, at once opened the problem of their relations, present and future, with one whose followers they still professed to be. For some time Mr. Gandhi remained too infirm to familiarise himself with the intricacies of current politics; but in a published letter he proceeded before long to express his unalterable adherence to the original plan of the triple boycott. The position of the Swarajist leaders thus became very delicate. Their prestige in the country still rested largely upon the assumption that they were the followers of Mr. Gandhi; nevertheless, if his opinion remained unchanged, they would shortly be compelled to

The Swarajists and Mr. Gandhi.

make the choice between standing on their own legs as a separate political group, and abandoning the position in the Councils, which they had won as a result of so much toil and effort. It is generally understood from the newspaper press that the leaders of the party took an early opportunity of approaching Mr. Gandhi with the request that pending his final decision upon the considerations which had induced them to depart from his boycott of the councils, he would suffer them to continue as members of the Central and the local Legislatures. Mr. Gandhi, influenced by the fact that he was still far from being in health, consented. Subsequent to the termination of the Assembly session, he resumed his discussion with the Swarajist leaders. It soon became plain that there were ominous differences between his point of view and that which commended itself to Pandit Moti Lal Nehru, Mr. C. R. Das, and other prominent members of the Swaraj group. He remained uninfluenced by the change which had come over the political situation since his withdrawal from active politics; and he still pinned his faith to the boycotts. Rumours shortly began to appear in the press that while he was willing to admit the honesty of purpose of the Swarajists, he was convinced that if they desired to enter the Councils, they must do so on the strength of their own organization, without reference to the Indian National Congress, which still stood nominally committed to the policy of boycott. From the Swarajist point of view, such an attitude on the part of Mr. Gandhi was extremely serious. It was bad enough that he did not see eye to eye with them; for their hold upon the electorate was very largely due to the prestige which they enjoyed as his followers. Worse still, they could not possibly afford to dispense with the Congress organization, in the local branches of which their own men by this time largely preponderated. On the other hand, it was unthinkable that they should surrender their judgment to his; first because they were convinced of the political and practical expediency of the course which they had outlined for themselves; and secondly because they were too deeply committed to the policy of council entry to contemplate a change. As Mr. Gandhi became stronger, these differences came to a head.

A widening gulf.

The Swarajist group, with justice, as the event demonstrated, thought they commanded the support of the majority of Congress opinion. They also be-

Respective Standpoints.

lieved that their achievements in the Central Legislature, in Bengal and in the Central Provinces were such as to indicate, in the eyes of any impartial person, the expediency of the course which they had pursued. But it was hardly to be expected that Mr. Gandhi, who at the time of his incarceration had been the unquestioned dictator of the chief currents of the Indian Nationalist movement, should acquiesce in the loss of his political ascendency without a struggle. Early in June he published a declaration to the effect that the Swarajists, as they did not accept the boycotts, ought not to retain their office on the executive of the Indian National Congress. He did not approve of their action in entering the Councils, and he particularly objected to the policy of wreckage which was in the forefront of their programme, if not conspicuous among their achievements. He did not desire to hinder the Swarajists in the pursuit of the policy which they had laid down for themselves; but he emphasised the fact that this was not the policy of the Congress as he understood it, and that it ought not to be conducted under the ægis of that organisation. In reply, the leaders of the Swaraj party maintained that they had a right to the place in the Congress Executive which they had fairly won; and that Mr. Gandhi's constructive programme—spinning, untouchability, and Hindu-Moslem unity—though meritorious in itself, did not constitute a sufficient foundation for a thorough-going opposition to Government. The difference between Mr. Gandhi and the Swarajists were unquestionably emphasised by the results of the Special Session of the Indian Legislature held in May and June 1924. The Bill for the protection of the steel industry, as related in the Third Chapter of this Statement, was passed with the active assistance of the Swaraj party, who on this occasion at least displayed no conscientious objection to co-operating with the Executive Government. Further, the party made another departure from the old principles of the non-co-operation movement by agreeing to serve upon Select and Standing Committees.

The Special Session, Simla, 1924.

Before proceeding to describe the course and events of the struggle for supremacy between Mr. Gandhi and the Swarajists, which represents the central feature of internal Indian politics during the year 1924, we may roughly estimate the relative strength

Strength of Mr. Gandhi and of the Swarajists.

of the two sections. Mr. Gandhi still enjoyed the reverence of the vast proportion of the Indian people. He was esteemed as a saint, he was adored almost to the point of worship by the masses. But many members of the educated classes, while they had not lost their appreciation of his personal character, had become convinced by experience that he was no longer a safe guide in the political world. He retained, it is true, a considerable number of devoted adherents, to whom his fiat was law; but an increasing proportion of the Indian intelligentsia had now arrived at the conclusion that his non-co-operation policy represented a profound mistake. The constructive programme, while it commanded the lip reverence of every one, seemed to have little practical bearing upon current politics. Mr. Gandhi's ideas had from the first excited considerable opposition in certain quarters; and with the failure of his campaign to produce the results anticipated, this opposition was considerably increased. Moreover, the No-change party, who still professed implicit obedience to Mr. Gandhi's programme of boycott, was ill-organised; further containing a large majority of persons who in their admiration for the ethical content of the non-co-operation creed, were prepared to ignore, or at least to discount, its practical implications. The Swarajists, on the other hand, enjoyed the allegiance of the most aggressive sections of the Indian intellectuals. They were well-organised; they had a strong press; and their discipline was excellent. Further in Bengal and in the Central Provinces they enjoyed an unquestioned supremacy in the Legislature.

Battle joined.

In these circumstances, great interest was aroused by the meeting of the All-India Congress Committee at Ahmedabad on June 27th, where battle was joined between Mr. Gandhi and the Swaraj party. Mr. Gandhi had tabled a number of resolutions, the effect of which would have been to eliminate altogether the influence of the Swarajists from the Congress organisation. These resolutions called upon every member of the Congress Committee to spin two thousand yards of yarn every month as a condition of the retention of his office. They authorised the provincial Congress committees to take such action as was necessary against officials who had not properly performed their duty. They called upon all persons not accepting the boycotts to resign from the All-India Congress Committee, and warned electors to choose those who favoured the boycott policy. Finally they proposed

to put a definite affront upon Mr. C. R. Das by roundly condemning, in contravention to a resolution passed by the Bengal Provincial Conference, the action of Gopi Nath Saha, the murderer of Mr. Day. The result of the meeting of the Congress Committee came as a profound shock to Mr. Gandhi. He found that he was able to carry the resolutions in their original form by a small majority; but he was startled to find that this would not have represented the real grouping of Congress opinion in India and would certainly have caused an open split. In the end a series of compromises was arranged, the effect of which was to give a general endorsement to the terms of the proposed resolutions, while eliminating from each the penal clause. Early in July, after the termination of the meetings of the Committee, Mr. Gandhi publicly announced that he had been defeated and humbled. He did not however abandon the struggle; but reiterated his conviction that the proceedings of the Committee had confirmed him in his view that there must be separate organisations for working the two methods of boycott and of council entry. His innermost wish, he said, was to retire from the Congress and to confine his activity merely to Hindu-Moslem unity, khaddar and untouchability. But he reluctantly decided to continue to remain in the Congress organisation and to strive for a majority within it. Finding that his party grew daily weaker in the face of the energetic and determined propaganda of the Swarajists, he proposed that the Indian National Congress, in order to maintain unity, should confine its social work to spinning, the fostering of Hindu-Moslem unity and the removal of untouchability. This proposal naturally did not commend itself to the Swarajists. Without the prestige which attached to participation in the Congress organisation, their position in the country would become very difficult. Mr. Gandhi was, however, firm. Unless his plans were accepted, he stated, he would leave the Congress to the Swarajists, and start a separate organisation of his own for the accomplishment of his programme. From the party point of view this alternative was almost equally unsatisfactory. Mr. Gandhi's plain disapproval of the policy of council entry seemed to imply that his influence, which was still great, might at any moment be turned against the Swarajists.

Mr. Gandhi Defeated.

He continues the struggle.

From the point of view of the Swarájist leaders, the general situation of the party in India was not wholly favourable. In Bengal and in the Central Provinces they had succeeded in bringing ministerial Government to an end. But affairs in the Central Provinces exercised little influence upon the general current of Indian politics; and in Bengal the party majority was extremely narrow and often threatened by the tendency of Mohammedan members to constitute themselves into a communal block. However, thanks to a combination of luck and perspicacity, the Bengal situation in the summer of 1924 ultimately turned considerably to their advantage.

Situation of the Swarajists.

We have already noticed that the refusal of the Bengal Council to provide funds for the Ministers was temporarily met by the Ministers consenting to remain without salaries until the question could be resubmitted to the Council. The Session was fixed for July. Meanwhile, the reputation of the Swaraj party had suffered somewhat owing to the Serajgunj resolution, which alarmed many persons who sympathised with the Swarajists but deplored the gathering wave of revolutionary crime. They also achieved a certain unpopularity among particular sections of the community by their attempt to obtain control of the Tarakeswar temple. The Mahant of this temple had for long been the subject of complaint on account of his alleged mal-administration of sacred property. His influence had so far prevented the filing of legal proceedings against him; but in 1923 a civil suit had been instituted which challenged his claim to personal rights in the property. At the end of 1923 the plaintiffs in this suit showed signs of growing tired of the expense and delay involved. Accordingly two religious reformers, Swami Visvanand and Swami Sachidanand, arrived to expedite matters by means of direct action. By February 1924 the Swamis had organised a band of volunteers and announced that the temple was public property. In April a conflict occurred between these volunteers and the servants of the Mahant; and Mr. C. R. Das publicly associated himself with the dispute by holding an enquiry, on the strength of which he was represented to have blamed Government for not arresting the disciple of the Mahant, who is said to have instigated the attack. On 9th May a new offensive was started by the announcement that not only the temple but also the Mahant's house was public

Struggle and Success in Bengal.

Tarakeswar.

property. The Magistrates were compelled to intervene. Armed police were sent to Tarakeswar, and the pleaders of both parties were induced to agree to the appointment of a Receiver for the temple but not for the Mahant's house. This arrangement did not commend itself to the Swamis; and on the day fixed for the instalment of the Receiver, the temple was occupied by Swami Sachidanand, and two narrow lanes leading into it were blocked by rows of women lying flat upon the ground. During this affair members of the Swaraj party were present; and increased pressure was brought upon the Mahant to hand over the temple to a Committee appointed by Mr. Das. Ultimately, the Swarajists on behalf of the plaintiffs, affected a compromise with the Mahant on their own terms. But meanwhile considerable excitement had been aroused; many arrests had been made; and the police had been compelled on one occasion to open fire on a violent mob. The compromise between the Swarajists and Mahant, which disappointed many of the expectations of the reforming party, came as a considerable shock to those sections of religious opinion which set the purification of the temple before any question of political advantage. Certain plaintiffs to the suit proclaimed themselves dissatisfied; and litigation is still in progress.

The Ministerial Salaries.

While the Tarakeswar dispute was continuing, the Swarajists found themselves compelled to struggle for the maintenance of their position in the Bengal Council. They were assisted by the fact that the two Ministers did not command the whole-hearted support of the Muhammadan members; and that the voting was likely, under the influence of personal considerations, to take the shape of a vote of censure. But the Swarajist leaders could not feel certain of the issue; for their own entente with the Muhammadans was far from solid and was further gravely threatened by communal dissension in other parts of the country. Recourse was had to a legal quibble. When the Council met in July, the Swaraj Party lodged an application in the High Court for an injunction to restrain the President of the Council from putting a motion for a demand which had been previously rejected. An *interim* injunction was granted on the ground that no provision occurred in the rules for the procedure referred to. Government were prepared to contest this decision; but the immediate situation was altered by the action of the Government of India in framing

new rules. The acceptance or rejection of the ministerial salaries still appeared an open question. But when the vote for the salaries of the Ministers was resubmitted to the Bengal Legislature in August 1924, it was again thrown out by 68 votes to 66. There can be little doubt that personal consideration entered very largely into the voting; for from a study of the division list it appears that many persons whose opinions were far from extreme voted with the Opposition on the ground that they disliked the particular occupants of the ministerial office. The upshot was, however, to secure for the Swarajists an enhancement of their prestige at the very moment when it was most valuable to them.

The September Session of the Indian Legislature.

The main interest of Indian politics then shifted to the September session of the Central Legislature. The situation that arose was interesting. The Nationalist group, which had operated so successfully in Delhi, had not survived the altered atmosphere of the Special Session. It now showed distinct signs of crumbling, as the Independent members found the existing rules of the party more and more irksome. In consequence an independent party was formed under the leadership of Mr. M. A. Jinnah with its own whips. The effect of this change upon the voting was at first not apparent; but subsequent events proved that it represented the death knell of the policy of obstruction in the Central Legislature.

Debate on the Lee Commission Report.

The most important debate in the Session dealt with the recommendations of Lord Lee's Commission on the Public Services. The Home Member, Sir Alexander Muddiman, put forward a motion inviting the Assembly to endorse in principle the main recommendations of the Commission regarding the new plans for recruitment and control of the services operating in transferred fields; and for the grant of pay, passages and concessions approximately on the scale recommended; for the constitution of a Public Services Commission; and for the increased recruitment of Indians for the services operating in the reserved fields. To this resolution the Leader of the Swaraj Party, Pandit Moti Lal Nehru, moved an amendment which, after reciting the dissatisfaction of the Assembly with the genesis and operation of Lord Lee's Commission, put forward the view that the House was unable on the material

before it to satisfy itself of the propriety and reasonableness of the recommendations; but would none the less be prepared, if recruitment were stopped outside India, to consider the alleged grievances of the present incumbents of the Services and to recommend such measure of redress as a Committee elected by the House might recommend. A long debate lasting over three days resulted. With the exception of the European elected members, and of certain Independents, the majority of non-official opinion in the House showed itself hostile to the recommendations of the Lee Commission. Many members disclaimed any desire to be unjust to the services; even admitting that they thought it probable that some financial relief was required. They emphasised, however, the fact that the material upon which the findings of the Commission were based was not before them.. Several members also urged a wider standpoint. The Swarajist leader, in particular, maintained that the present constitution of the Indian services was an anachronism; and that Government was attempting the impossible task of working a reformed constitution by means of an unreformed administrative machine. He condemned the concentration, in the hands of administrative cadres, of the control of policy; asserting that it lay with the legislature to define the power of permanent officials and to lay down the conditions of their recruitment, and to define the policy which they must execute. The Government case was strongly put forward by Sir Alexander Muddiman, Sir Charles Innes, Sir B. N. Sarma and by Sir Basil Blackett. Certain representatives of European non-official opinion gave stout support. The liberal implications of the Lee report were emphatically pointed out; the necessity for financial relief under existing conditions was carefully demonstrated; and the value of the work performed in India by the administrative services proved by many a practical example. Nevertheless, Pandit Motilal Nehru's amendment was carried by 68 votes to 46. This verdict was reversed by the Council of State; which after a lengthy discussion and the rejection of several amendments passed the Government resolution without division.

On another occasion also the Legislative Assembly displayed a disposition to challenge the proposals of Government. We have already noticed the appointment of a Taxation Enquiry Committee, the scope and functions of which have been described in

The Taxtation Enquiry Committee.

Chapter Three. On September 18th a resolution was moved in the Assembly for the suspension of this committee and for the substitution in its place, of a committee which should enquire into the general conditions of economic life and labour with reference to the resources of the country. This resolution was subsequently amended in a more comprehensive and definite form by Mr. Jinnah; and was carried against the opposition of Government by the Independents and Swarajists—by 60 votes against 42. On a third important debate, Government sustained a defeat. This arose on Mr. Kasturbhai Lalbhai's resolution regarding the abolition of the Cotton Excise duty, which had been adjourned from the Delhi Session. The Treasury Benches put forward the Government position, which, as explained in another chapter, is that the duty will be abolished as soon as financial considerations permit. Unquestionably it was the political implications of the duty which commended the resolution to the majority of elected members in the House; for on the actual merits of the remission, there was a certain division of opinion. Nevertheless, the resolution was accepted by the House without a division. These victories of non-official Indian opinion over the Government forces were confirmed by certain other incidents which have already been considered in another chapter under the head of Legislation.

Cotton Excise.

It might be supposed from what has already been stated that the general atmosphere of the September session of the Indian Legislature differed but little from that of the Delhi meeting. This, however, is not the case. It became apparent, as the session proceeded, that the Swarajist attitude had undergone a considerable modification. Quite apart from the decision of the party to permit its members to serve upon Select Committees, there were evidences of a new point of view. The defeats of Government to which we have already adverted, took place one and all upon questions in regard to which Indian political opinion, Swarajist and Independent alike, was committed irrespective of party. For the rest, in several resolutions there was some tendency to treat the proposals of Government on their merits; and to move yet one step farther away from the policy of uncompromising obstruction and wreckage which had formed a part of the Swaraj manifesto. An interesting exempli-

Characteristics of the Non-official attitude.

fication of this attitude is to be found in the manner in which the resolution for the separation of railway from general finances was received by the Assembly. Since this proposal emanated from Government it might well have been supposed that the Swarajists as a party would exert their utmost influence to secure its rejection. This, however, was not the case. The Swarajists joined with the Independents and the elected Europeans in criticising the terms of the resolution from a practical standpoint; in urging such modifications as seemed to them desirable; and in labouring for the establishment of the convention upon the soundest possible lines. Further, despite the controversial nature of many of the questions debated during this session, the personal relations between members of Government and members of the opposition were noticeably cordial. On occasion members of the Nationalist party were to be found in the Government lobby, as though no insurmountable obstacle divided one side of the house from the other. There was a distinct tendency towards co-operation, wherever co-operation seemed to advance the interests of India or the aspirations of the educated classes. In short, the policy of uncompromising obstruction found little favour with the non-official side of the House during this session.

Communal Dissensions: Fresh Outbreaks.

While the Legislative Assembly was actually sitting, public attention was diverted from politics to the subject of communal dissensions. We have already referred to the unfortunate atmosphere, characterising the beginning of the year 1924. As the months went on, the tension became increasingly serious. Relations between Hindus and Mussalmans became acute in several Provinces. In Bombay and Madras, communal feeling was not marked; although in Sind material for a dangerous situation perhaps exists. In the Central Provinces, in Bengal, in Behar and in the United Provinces, the intercourse between the two communities was marked by growing acerbity. In the Punjab, the situation was dangerous. During the early months of 1924, the communal press on either side indulged in an orgy of abuse. To such heights did this proceed, that in June even Mr. Mahomed Ali openly pressed Government to take action against the flood of securrility. The local Governments were keeping a close watch on the press throughout and trying to check these excesses by criminal prosecution where circumstances allowed; but the situation did not improve. In the

summer months there was a lamentable number of disturbances. In July severe fighting broke out between Hindus and Muhammadans in Delhi, which was accompanied by serious casualties. In the same month there was a bad outbreak at Nagpur. August was even worse. There were riots at Lahore, at Lucknow, at Moradabad, at Bhagalpur and Nagpur, in British India; while a severe affray took place at Gulbarga in the Nizam's Dominions. September-October saw severe fighting at Lucknow, Shahjahanpur, Kankinarah and at Allahabad. The most terrible outbreak of all, which was followed by an exodus of the entire Hindu population, took place at Kohat. This incident has already been described in another Chapter. The Kohat tragedy directed the attention of almost every section of Indian political opinion to the serious nature of the tension existing between the two communities. It was generally realised that something positive must be done. Hitherto, while political leaders had borne their share in attempts to mediate between Hindus and Mussalmans, their efforts had been on the whole unsuccessful. They had taken refuge in a general disposition to lay the blame upon the authorities; although from the tone of the press comment on certain of the occurrences to which we have referred, it seems plain that this attitude merely concealed a disposition not to face unpleasant facts. But the Kohat affair came as a supreme shock to every shade of political opinion. While possible courses of action were being eagerly canvassed, Mr. Gandhi gave a lead to the country by declaring that on September 18th he would begin a fast of three weeks, in penance for the responsibility which he himself acknowledged for the manner in which his campaign had fomented bitter feelings. From several quarters came the suggestion that a Unity Conference should be summoned to focus all sections of opinion upon the evil of communal disturbances. This Conference ultimately met in Delhi on September 26th, and was attended by Hindus, Mussalmans, Parsees, Sikhs and Christians. A considerable number of Englishmen were present, including among others the Metropolitan of India. The difficulties to be encountered were enormous. Communal tension was, as already stated, acute; and there was a general disposition on the part of important sections of opinion to insist upon their rights regardless of consequences. Even among those political leaders who were pledged to promote

Kohat.

Mr. Gandhi's fast and the Unity Conference.

unity between the two communities, dissensions shortly manifested themselves; and only at the cost of infinite patience and labour were a series of resolutions drafted and accepted, laying down the basis upon which the problem of communal dissensions might be approached. These resolutions proclaimed it to be improper for any person who considered his religious feelings affronted to take the law into his own hands. All differences should be referred to arbitration and failing that, to the courts. The universal toleration of religious beliefs, and freedom of expression and practice, with due regard to the feelings of others, was proclaimed. Upon the crucial question of cow-killing a resolution was passed admonishing the Hindus of the impossibility of stopping the practice by force alone. Muhammadans were advised to exercise their rights with as little offence to the Hindus as possible; while the Mussalman leaders of the Conference personally pledged themselves to do everything in their power to reduce the number of cows annually slaughtered. Other resolutions discouraged the practice of disturbing rival communities by music, calling to prayer and the like without regard to conflicting susceptibilities. The conference also established an All-India Panchayat of 15 persons, including Christians and Sikhs as well as Hindus and Muhammadans, whose task it was to appoint local Panchayats for the purpose of conciliation between the two communities. Unfortunately, the Unity Conference has produced little practical result and the All-India Panchayat seems still-born. This, however regrettable, is hardly surprising. The atmosphere amidst which the deliberations were conducted was ill-suited to any clear-cut remedy for the Hindu-Mussalman problem. It seems difficult, however, to deny that the solution of this vexed question must ultimately lie along the lines laid down at the Delhi Conference. Meanwhile, Government themselves had not been idle. It is the every-day endeavour of the Administration, as has been pointed out elsewhere, to maintain a working understanding between the two communities such as will operate to prevent riots and disturbances. But despite the best efforts of the authorities, the fact remains that in India, communal disturbances represent an imminent peril against which no degree of vigilance and foresight can effectively provide. No measures, whether legislative or executive, can be expected to produce any immediate effect

Achievements of the Unity Conference.

Official Policy.

on the ancient and deep-rooted causes of these troubles, which are only to be removed by the slow and painful evolution of a spirit of toleration and enlightenment.

Anxiety of Political Leaders.

The anxiety of political leaders in India to induce harmonious relations between the two great communities arises from other considerations than the lamentable suffering involved. The frequent occurrence of communal riots, it is realised, gives India a bad name and seriously militates against her claim for fitness for further constitutional advance. In addition, disunion between Hindus and Muhammadans paralyses all concerted constitutional opposition to the executive. The bitterness of communal relations is far from being merely a matter of local concern. It also exercises a marked influence upon general political life. In the Punjab, for example, where there is a Muslim majority which controls the Legislative Council and dominates the structure of local self-government, the appreciation by the Hindus of the fact that under the Reforms they will be subjected to the perpetual rule of the Muhammadan majority, has been accompanied by a revulsion of feeling against political activity. Many Hindus in this province have begun to believe that their only hope lies in a strong communal organisation, such as is fostered by the Sangathan movement. They therefore tend to look askance at political leaders, who slur over Hindu-Mussalman differences, and desire to unite all parties in an understanding which Hindus, in a province where a Muhammadan majority exists, cannot but regard as inimical to their own interests. Elsewhere, where the Hindus are in a majority, the Muhammadan community are equally suspicious of political advance, and display a far greater anxiety to secure their own interests than to take part in the work which political leaders are constantly urging them to adopt. Throughout the whole period under review, the Indian Mussalmans have been concerned principally with domestic affairs. The delegation to Angora, projected by certain leading lights of the old Khilafat movement, collapsed in the face of the refusal of the Turkish government to receive it. Some interest was displayed by the Muslim press in the fighting between Spain and the Riffs, in Egyptian events, and in the Wahabi attack upon the Hedjaz. But for the most part, the activities of the Indian Muslims were communal. It will thus be realised that the dissensions of the year 1924 constituted a paralysing handicap upon general political

activity; and a handicap that the Swarajists, in common with other political parties, failed entirely to overcome.

The Swarajists in the Autumn of 1924.

For the rest, the party of Mr. C. R. Das and Pandit Motilal Nehru displayed no symptoms of inanition. After the rejection of the ministerial salaries in Bengal, the Swarajist group in that province proceeded to organise themselves to take full advantage of the new prestige they had acquired. Mr. C. R. Das announced a programme of educating first the electorate and then the masses, so that a consistent demand might be formulated for India's right for early self-government. At the same time, negotiations were initiated between Mr. Gandhi and the leaders of the Swaraj party with a view to explore the possibility of creating an atmosphere in which a united Session of the National Congress might be held at Belgaum. It is not clear how far these negotiations had proceeded, when an event occurred which for the moment introduced a considerable change in the current of Indian politics. As has been recounted elsewhere, the growth of revolutionary crime in Bengal had for some time been causing the authorities much anxiety; and on October 25th Lord Reading published Ordinance No. I of 1924, establishing a summary procedure of arrest and trial before Special Commissioners of persons who the Local Government was satisfied belonged to associations whose object was revolutionary crime. In so doing, however, he reiterated his belief in political advance, and his determination to see that the progress of the country was not retarded by threats of violence. Now, among the persons arrested as a result of this Ordinance, were certain members of the Swaraj party in Bengal, including the Executive Officer of the Calcutta Corporation. The Swarajists naturally seized the political opportunity which thus presented itself. They claimed that the Ordinance was directed against themselves, and was aimed at the suppression of legitimate constitutional activity. They called upon all other parties to suspend their differences and to rally to the support of political liberty. The sensation which was caused by the publication of the Ordinance was considerable; it was widely condemned and many sections of political opinion, which were far from sympathising with Swarajist tenents, declared their readiness to make common

The Bengal Ordinance alters the situation.

Response of the Swarajists.

cause with the party in the danger which threatened them. On the other hand, certain sections of the press complained that Government, by provoking an issue from which all parties would unite against them, had provided the Swarajists with an undeserved advantage. Government received strong support from the Non-official Europeans, who were convinced of the gravity of the menace presented by revolutionary crime; and from Mrs. Besant, who pronounced Lord Reading's action to be a regrettable necessity. The Indian-edited press raised a storm; and several meetings of protest were held, particularly in Bengal. But it was noticeable that on the whole, very little excitement was aroused; and that the masses remained fundamentally unmoved. Even among the educated classes, with the exception of those persons who rendered allegiance to the Swaraj party, there were few manifestations of feeling.

Reception of the Ordinance.

From the fact that the Swarajists claimed to be the target of extraordinary and unconstitutional action on the part of Government, the party was enabled to gain an enhanced prestige. Better still, the leaders were enabled to make very satisfactory terms with Mr. Gandhi, whom they had succeeded in convincing that the Ordinance was aimed at themselves. While he emphatically condemned, as he has always done, revolutionary crime in any form, he did not consider that Government was justified in resorting to exceptional procedure of the kind represented by the Ordinance. Early in November a statement was issued signed by Messrs. Gandhi, Das and Nehru, which laid down the necessity of reuniting all the different groups of nationalist workers in support of the country's cause and in opposition to the new policy of repression. The statement recommended the approaching Congress at Belgaum to suspend the programme of Non-co-operation, except in so far as it related to the refusal to use or wear cloth made out of India; and to authorise the Swarajist party to carry on work in the Legislature on behalf of the Congress and as an integral part of the Congress organisation. All sections of the Congress were recommended to adopt the constructive programme, including the encouragement of home spun cloth, the promotion of unity between Hindus and Muhammadans and the removal of untouchability. Finally, it was recommended that the Congress franchise

Mr. Gandhi accepts Swarajist position.

should be altered to the contribution of 2,000 yards of yarn every month. This clause was, however, modified by the proviso that those who could not or would not spin, might purchase the necessary amount. By this agreement the Swarajists gained a decisive victory over Mr. Gandhi, for the whole Non-co-operation programme was suspended, except in so far as it related to the refusal to employ foreign cloth. The Swaraj party were recognised as the Congress representatives in the Legislatures, Central and Local; while the spinning franchise was so altered as to present no obstacle to those who had little faith in khaddar and the spinning wheel.

The All-Party Leaders' Conference.

The success of the Swarajists in bringing Mr. Gandhi to an agreement upon their own terms encouraged them to summon an All-Party Leaders' Conference. Such a Conference would set the seal upon their new position; and might also secure the support of other political parties. So great was their prestige, that there seemed at least a prospect of forming a new and united opposition to Government, in which the party itself would take the lead. Mr. Gandhi published a series of statements in which he emphasised the necessity for the course which he had adopted, principally on the ground that the political situation required unity at almost any cost. When invitations were issued to the All-Party Leaders' Conference, a large number of the more important sections of Indian opinion announced their willingness to attend. The European Association, however, declined the invitation; stating that until the Congress was prepared to make an effort to direct public opinion against the growing cult which adopted the bomb and the revolver as its political weapon, the European community could take no part in deliberations of the nature suggested. But the Liberals, the Independents and the adherents of Mrs. Besant's National Home Rule League believed that the projected conference might serve a useful purpose. Dislike of the Ordinance was general among these sections of opinion; although Mrs. Besant had herself supported it. The recent abandonment of the Non-co-operation programme by the Gandhi-Das-Nehru agreement, led the Liberals and the Independents to hope that the Congress and the Swaraj party might now be willing to work along Liberal lines for Dominion Home Rule. They sincerely hoped that it might be possible for them to rejoin the Congress. Mrs. Besant's organisation, which has for some time been working at the formulation of a

definite scheme for responsible Government, believed that it might be possible at the Conference to enlist a certain measure of support for the project from other groups. Finally, all parties were aware of the strained condition of communal relations; and there was a general expectation that some lines of accord between Hindus and Mussalmans might be laid down, possibly along the lines suggested by the Unity Conference.

The Conference Infructuous.

But when the All-Party Leaders' Conference met in Bombay on November 21st, it was found almost impossible to arrive at any substantial agreement. After much discussion, a resolution disapproving of the action of Government in promulgating the Ordinance was passed by a large majority. Further, a Committee, representative of almost every important communal group in India, was appointed to consider the best way of re-uniting all political parties in the Indian National Congress, and to prepare a scheme of Swaraj including a solution of the communal question. This Committee was to report not later than 31st March 1925, and was to lead up to a Conference which should put its recommendations into effect. Mr. Mahomed Ali, President of the Indian National Congress for the year, invited the various parties represented at the Conference to hold their annual session at Belgaum, at the same time as the Congress itself met. But with the exception of the fact that it confirmed the political prestige already won by the Swaraj party, the All-Party Leaders' Conference had little result. We may so far anticipate the course of this narrative as to state that the Committee which it appointed duly met in January and February 1925 at Delhi, and resolved itself into two sub-committees to deal respectively with Hindu-Muslim differences and with a scheme for constitutional advance. The first sub-committee found agreement impossible, and dispersed. The labours of the second appear to have resulted in little more than the suggestion of certain alternations in Mrs. Besant's draft scheme.

The Annual Party Conclaves.

The prospect of a united Congress which should include representatives from all the political parties, failed to materialise. The Liberals would not change the venue of their meeting which had been fixed at Lucknow; while the Muslim League decided to meet as arranged in Bombay. A section of the Non-Brahmin

party arranged to hold its meeting at Belgaum; but subsequently complained bitterly of the neglect which it encountered from the delegates of the Indian National Congress. The proceedings of the Congress were not particularly remarkable.

The Belgaum Congress.

Mr. Gandhi's presidential speech gave, as might have been expected, no very clear lead. Certain points of his proposals, including his advocacy of a manual work qualification for political franchise, and his offer of a fully guaranteed status to all Indian Princes, were unfavourably received in various quarters. The representatives of other parties, such as Mrs. Besant herself, who had been encouraged to rejoin the Congress and attend the Belgaum meeting by the abandonment of the Non-co-operation programme, were considerably disappointed. Mrs. Besant found that the Congress had not changed; and that little support was forthcoming for the projected Commonwealth of India Bill which her organisation had prepared so carefully. The most important business transacted by the Congress was, in fact, the formal adoption of the pact between Mr. Gandhi and the Swarajists. It was pointed out by various speakers that this entailed conferring on one single party a monopoly of Congress representation in the new Legislatures; but the Swarajists were sufficiently strong to carry the proposal. It was noted by several observers that the Belgaum meeting of the Congress was distinguished by an immense preponderance of Hindu delegates; and that the sessions of the Hindu Maha Sabha, held at the same place, excited at least as much attention and interest as did the deliberations of the Congress itself. The resolutions passed in the Maha Sabha were more or less on the old lines, and dealt particularly with the need for developing Hindu solidarity, power and discipline. The tendency of the Hindus and the Mussalmans respectively to concentrate their energies upon the institutions in which their community possesses a preponderance of strength, received remarkable illustration by the proceedings of the Khilafat Conference, which was also held at Belgaum. The members of this Conference belonged principally to the party which believes in political advance on Congress lines; but the President, in his opening address, took up an uncompromisingly pro-Muhammadan attitude. Islamic solidarity was attested by a number of resolutions dealing with external affairs, which displayed great

Communal Influneces.

The Khilafat Conference.

suspicion of British foreign policy. But Dr. Kitchlew proceeded to condemn the Hindu agitation in the Punjab as being unjust and selfish, and applauded the stand taken by the Muhammadans in the matter of their communal organisation. Finally, he put forward claims on behalf of his community for representation on elected bodies and in the service cadre, which caused an unpleasant surprise to the Hindu Congressmen who listened to him.

This attitude on the part of the Khilafat Conference, which may be taken as illustrating some of the existing communal tendencies in Indian public life, was emphasised by the proceedings of the all-India Muslim League in Bombay. The Shuddhi and Sangathan movement on the part of the Hindus were attacked; and it was asserted that the Tanzim movement was justifiable reply to this aggression. In opposition to the Swarajist programme of unity, the Muslim League definitely resolved that it would not merge itself into the Congress. Perhaps most significant of all was the tribute paid to the work of the Frontier officials in the course of the debate upon a resolution dealing with Kohat, which in its actual wording perfunctorily condemned the authorities for failure to suppress the outbreak. In this connection it should be remembered that the Hindu press as a whole had bitterly attacked the finding of the official inquiry, which laid the onus upon the reckless religious zeal of the local Hindus. The Muslim League further passed resolutions which, while deploring the growing tendency of one community to attack the other, and making clear the readiness of Muslims to join in a reasonable programme of political advance, deplored the disorganised condition of the Mussalmans, and urged concerted action to secure internal solidarity.

The Muslim League.

The Liberal meeting at Lucknow was very interesting. Dr. Paranjpye, the President, condemned both the Non-co-operation movement and the Swaraj party in the most emphatic terms, outlining for his Federation a complete programme of work for the acquisition of responsible Government upon Dominion lines. He asked for the early grant of responsible government in the provinces, and for a measure of responsibility in the Government of India, with the reservation of Defence and Foreign Policy and the vesting of a power of veto in the hands of the Viceroy. He proposed that a fixed sum should be allotted by statute to the Department of

The Liberal Federation.

Defence, any additional expenditure requiring the consent of the Legislature. He proposed the gradual placing of the Indian Army and the Indian services upon an Indian footing, with guarantees for the position of the present European incumbents. Foreign relations he desired to see transacted upon an Imperial basis, with Indian representation upon any body hereafter constituted from representatives of the Dominions. As his contribution towards the solution of Hindu Muslim differences, he urged the institution of mixed electorates and the satisfaction for an initial period of special claims. The continued adherence of the Liberal party to the lines of procedure which they had ever steadily advocated, was confirmed by the passing of resolutions pledging the party to work for responsible government on Dominion lines; stating that reunion with the Congress was only possible if that body stood for the acquisition of Dominion self-government by constitutional methods; and attacking the compromise by which Swarajist members of the new Councils were considered the sole accredited spokesmen of the Indian National Congress in those organisations.

It is to be remarked that both in the Indian National Congress and in the Liberal Federation, the Bengal Ordinance was severely condemned; and the objection of educated India to procedure of the kind employed by the executive strongly emphasised. At the same time revolutionary crime was denounced as infructuous and harmful. In the Muhammadan Conferences the question excited far less interest. There was indeed condemnation of the Ordinance; but it was plain that the Muhammadan community, as represented in these gatherings, was little concerned with anti-revolutionary legislation.

The Swaraj party in the new year.

At the beginning of the year 1925, the Swaraj Party found themselves in a position of apparent strength. Their recent concordat with Mr. Gandhi, confirmed as it had been by the Belgaum Congress, considerably enhanced to their prestige. They had also been able to attract to themselves a large measure of support from other political sections in their opposition to the Bengal Ordinance. On January 7th, Government introduced into the Bengal Council the Bill which was necessitated by the approaching expiry of the Ordinance. Lord Lytton placed the situation before the Council in a most powerful

Strength.

speech, once more reiterating the dangers of the revolutionary movement, and the impossibility of making a headway against its organizers by the ordinary process of law. Nevertheless, the Swarajists were successful in rejecting the measure. It was thereupon certified by the Governor and remitted to London for the approval of His Majesty's Government. The result of the debate in the Bengal Legislative Council was acclaimed in many quarters as another triumph for the Swaraj Party. It would however, be a mistake to suppose that the position of the Party was altogether satisfactory. They had entirely failed to rouse any real excitement upon the question of the Ordinance: for this measure, while it had very few supporters among the educated classes of India, had been received by the masses of the people with complete apathy. Moreover, Hindu-Mussalman dissensions were paralysing the politics of the country. It was impossible to arouse any real enthusiasm on a political issue. Hindus and Mussalmans alike were thinking of their communal interests; and they flatly refused to join hands effectively for any attack upon Government. Worse still, the electorate had become entirely apathetic. The Swaraj Party, which displays a laudable endeavour to keep in touch with its constituencies, encountered an increasing difficulty in the task of arousing any appreciation for its own aims and achievements. Indeed, in certain localities the sitting Swarajist members encountered from their constituents an attitude which was indifferent almost to the point of impatience. They were blamed for not having discharged their election promises of bringing Government to a stand-still; and despite their best efforts, they were unable to surmount that distrust of political activity in every shape and form which for the last few months has begun to characterise the attitude of the plain man in India.

Weakness.

In these circumstances, it was not strange that certain members of the Swaraj Party should ask as to where their policy was leading. The Party had, it is perfectly true, acquired a dominating position in Indian politics; but its scope for work seemed very limited. Only in two Provinces had it been able to bring dyarchy to an end; and elsewhere its achievements in the Legislatures did not appear to differ substantially from those for which the Liberals had received so little credit. Accordingly, there was ventilated in certain quarters the suggestion that the Swarajists should accept

Swarajist policy questioned.

office. This took the form of a demand that the Party should enter in Ministers "to wreck from within." In the Central Provinces, this proposition was openly canvassed. But such a *volte face* was too dramatic for the Swarajist leaders; and the Central Executive of the Party firmly declared that the original ban against the acceptance of office remained unaltered. Nevertheless, now that the non-co-operation campaign has been formally suspended, it seems distinctly possible that the Swaraj Party may eventually modify their opinions in this important matter. It is plain, on the whole, that the intransigence which once characterised them, is disappearing. They are no more friendly to dyarchy than when they commenced their campaign for Council entry; but they are now opposing it from within, rather than from without, the constitution. Once they come to believe that they can hasten the dawn of responsible Government by declaring their readiness to accept office, they may conceivably make yet another departure from the programme which they originally laid down for themselves. For in India, as elsewhere, the political situation changes rapidly; and while consistency of principle is to be commended in a political party, consistency of tactics may in certain contingencies produce stagnation. However, for the present at least, the Swarajists state that they will not themselves accept the task of forming a Ministry, nor will they, so far as they are able, permit any one else to do so.

Acceptance of office?

On the 17th February, the Bengal Legislative Council, which seems to have been somewhat apprehensive lest the Province should finally lose popular control of the Transferred subjects, passed a resolution recommending Government to make provision in the budget for the salaries of Ministers. This was a heavy blow to the Swaraj Party. Their defeat seems due to the secession of certain of their Muhammadan allies. The reverse was only temporary. Two Ministers were duly appointed; but on 23rd March in the course of the budget discussion, their salaries were rejected by 69 votes to 63. It is stated by several observers that the voting on this occasion was largely dominated by personal considerations; and that a number of members who had previously voted for the revival of the Ministry on principle, were disappointed at the choice made by the Governor of the persons to occupy the Ministerial office. However, this may be, the Trans-

Defeat and Victory in the Bengal Council.

ferred Departments in Bengal have, as a result of this vote, been handed over to the Governor for administration. The Swarajists have thus brought dyarchy for a time to an end in Bengal.

Central Legislature, Delhi, 1925.

In the Delhi session of the Central Legislature, which commenced on the 28th January, 1925, the general change, which we have noticed, in the attitude of the Swaraj Party became increasingly noticeable. From time to time, it is true, the old spirit of obstruction manifested itself. But, broadly speaking, the attitude of the Party was more and more that of a constitutional opposition. They were perfectly prepared to carry against Government any proposals embodying their own point of view; but they were far from indulging in an indiscriminate policy of wreckage. Members of the Party played an active role in the ordinary business of the House; they sat on Select Committees; they co-operated in the passage of useful legislation. More and more did they treat the business before the House upon what they considered it to be its merits or demerits, without much reference to the quarter from which the proposals emanated. In many of debates in the session, an observer unfamiliar with the previous history of the Swaraj Party, would have assumed it to be merely the principal group in an accredited opposition. We have already briefly dealt with the reasons for this change of attitude. It is partly to be ascribed to the suspension of the non-co-operation campaign; and partly to the realisation that if the activities of Government could not, in point of fact, be brought to a close, the new constitution did actually afford an opportunity for exercising considerable influence upon them. But it was also, beyond question, due in part to the new attitude of the Independents.

Attitude of the Swarajists.

The Independent Party.

We have already noticed that in the 1924 Simla session of the Legislative Assembly, the Independents manifested a desire to organize themselves in a distinct group. In Delhi, this tendency was strengthened. The Independents were fully prepared to join with the Swarajists in protesting against the policy of Government in a number of respects. They were prepared to attack the Bengal Ordinance; they were anxious for political advance; and they had a number of detailed criticisms to make upon the con-

duct of the administration. They were also ready to carry against Government resolutions embodying the general outlook of the educated classes as opposed to that of the executive. But they would not join obstruction for obstruction's sake. This attitude was the more effective in that, as we have already seen, the Swarajists themselves were far from retaining their former faith in the efficacy of the wrecking policy. Henceforth, on those few occasions when they attempted to carry it into effect, they found that the Independents were not prepared to join them. Thus the tendency to discredit this policy was strengthened, for it is perfectly obvious that a minority, unless placed in the very exceptional position of holding a balance of parties, cannot obstruct effectively against the will of the majority. One result of these factors was the evolution in the Legislative Assembly of two clear-cut groups in place of the former Nationalist Party. These groups showed no reluctance to coalesce in opposition to Government upon particular questions; but during the Delhi session at least they were clearly divided upon the policy of obstruction. To some extent, therefore, Government were onlookers. They suffered it is true a number of defeats upon important matters. But upon a very large number of other questions, they found the House prepared to take a reasonable line; and if they could expect no support from the Swarajists, they would often get it from the Independents, and *vice versâ*. In consequence the atmosphere of the Assembly during the budget session of 1925 was most animated. The voting no longer represented in all cases the automatic recording of a suffrage against Government proposals irrespective of their merits. Each of the party groups took its own line; and was in no way deterred from entering the lobby by the accident that it might be found voting upon the side of Government. Withal, the general tone and temper of the debates was admirable: and even when controversial subjects were discussed, little bitterness was manifested. There was plenty of hard hitting on both sides of the House, but acid speeches were rare. In which connection, tribute must be paid to the work of the European non-official members, whose influence was generally thrown into the task of tempering the class of opinions. Humour was conspicuous in the handling of the thorniest questions; and when the debates descended from a dignified level, it was in the direction of hilarity rather than acerbity.

Party Politics in the Assembly.

The most interesting feature of the session, as has already been pointed out, was the interplay between the Swarajist and the Independent groups. On a number of occasions, the two combined to inflict defeats upon Government. Among these may be mentioned the resolution moved by Mr. Duraiswami Iyengar recommending the supersession of the Bengal Ordinance by an Act of the Legislature. Despite the forcible presentation of Government's case by the occupants of the Treasury Benches, the Swarajist and Independent speakers joined in denouncing the promulgation of the Ordinance, and in complaining that the Assembly had not been taken into confidence before a step so drastic was contemplated. Government obtained support only from the Europeans among the elected members; and the resolution was passed by 58 votes against 45. Indeed, on the general question of the laws which are popularly described as " repressive ", there is little difference of opinion between any section of Indian politicians, who are uniformly unwilling to recognize that special situations require special measures. On February 3rd, Mr. V. J. Patel introduced a Bill to repeal the Bengal, Madras and Bombay State Prisoners Act, 1850, the Punjab Frontier Outrages Act, 1867, and the Prevention of Seditious Meetings Act, 1921. Government opposed the introduction of this Bill, but were defeated by a juncture of the Swarajists and certain Independents. When the Bill came up for consideration, Mr. Patel's project found support among the most prominent members of the Independent Party; and despite the best arguments of the Treasury Benches, was passed after all amendments had been rejected save that to omit from the scope of the measure the Punjab Frontier Outrages Act, which the majority of the House believed to be useful. On this occasion also, the elected European members warmly supported the Government in opposing the Bill. Another somewhat heated discussion took place on Mr. K. C. Neogy's Bill to amend the Railway Act in such a fashion as to provide against the reservation of railway compartments for any particular community. Despite the protests of Government and of the elected European members, the motion for consideration was carried by 50 votes against 36 and the Bill was passed without a division. It was

Defects of Government.

The Bengal Ordinance.

Mr. Patel's Bills.

Mr. Neogy's Bill.

subsequently rejected by the Council of State. On the other hand, another measure of Mr. Patel which was designed to deprive Americans and Colonials of their present privileges in respect of criminal trials, encountered a curious fate. On the motion of Mr. (now Sir) D'Arcy Lindsay, an elected European Member, its consideration was adjourned *sine die* by 44 votes against 42. The attitude taken up by Government, that retaliation of such a kind was neither wise nor honourable, found support among certain members of the Independent Party; and the Swaraj motion in support of the Bill was accordingly defeated. Nor was it always the Independents who exercised their right of voting on the side of Government when they thought fit. The Swarajists themselves were found on occasion in the Government lobby. A conspicuous example of this fact was afforded when Sir Hari Singh Gour moved his resolution for the constitution of a Supreme Court in India. The Government and the non-official Europeans opposed; and found support from the leader of the Swaraj Party. On the other hand the Leader of the Independent Party supported it strongly. The resolution was eventually rejected by a large majority, the Swarajists voting with Government. Two days later, on the 19th of February, the Swarajists and the Independents made common cause against the Treasury Benches. Mr. Venkatapati Raju moved a resolution urging the immediate establishment of a Military College in India. We have already noticed in a previous Chapter certain characteristics of this debate; and it is sufficient here to state in passing that both the Swarajists and the Independents vehemently pressed upon Government the necessity for rapid Indianization of the Army. In the event, an amendment to the amendment proposed by Government, which was put forward by Pandit Madan Mohan Malaviya, asking for a Committee to report on the steps to be taken for the establishment of a Military College; to determine whether such an institution should supersede or be supplemented by Sandhurst and Woolwich; and to enquire at what rate Indianization should be accelerated so as to attract Indian youths to a military career, was adopted by a large majority against the opposition of Government and the elected European members.

H. S. Gour's Supreme Court Resolution.

The Establishment of a Military College.

It was over the question of the budget that the differences between Independents and Swarajists were most clearly manifested.

The Assembly and the Budget.

When the Railway Budget was introduced, the Swarajists officially invited the Independent Party either to join them in throwing it out in its entirety as a political protest, or failing this, to reject the demand relating to the Railway Board. The Independents did not agree to this proposal; and on February 25th; a lively debate ensued. Independent and Swarajist speakers turned their big guns upon each other rather than upon the Treasury Benches; the determination of the Independents not to obstruct for obstruction's sake, and the equally clear decision of the Swarajists to maintain obstruction as a political weapon to be employed from time to time, being clearly emphasized. Eventually, Pandit Motilal Nehru's motion for rejecting the demand for the Railway Board was defeated by 66 votes against 41, the Independent Party entering the Government lobby against it. When once this preliminary question had been settled, the Swarajists and the Independents combined in the afternoon to make certain cuts in the Railway Budget. These were, however, not of a serious character; and the budget was passed, with certain minor reductions, broadly in the form in which it was presented. We have already described in an earlier chapter the reception encountered by the General Budget in the Legislative Assembly. It is here only necessary to state that both the Swarajist and the Independent Parties treated the budget upon its intrinsic merits. Both Parties showed a disposition to make substantial reductions in certain items, whether as a protest against Government policy or as an incentive to economy. The Swarajists made up their minds to refuse the demand for the Travelling Allow-

The Executive Council Vote.

ance of the Governor General's Executive Council, and to raise upon this item a general discussion covering the whole course of the Administration. In this policy they were joined by the Independents. Pandit Motilal Nehru moved his motion for the omission of the demand as a vote of censure on the entire Administration. He complained that since 1920, Government had been following a policy of repression and terrorism, and that the Assembly's opinion had been constantly ignored. He expressed the greatest disappointment both with the Majority and with the Minority Reports of the Muddiman Committee—which had been published within the

last few days—and he attacked Government for refusing the Swarajists' demand for a Round Table Conference. A number of Independent members supported the Pandit's motion, though not on the grounds which he had put forward. Mr. Bepin Chandra Pal supported the Minority report of the Muddiman Committee while condemning the Government for its general policy in regard to constitutional advance. Mr. Rangachariar and Mr. Jinnah particularly raised the question of the Indianization of the Army, attacking the administration for its tardy response to Indian demands. Pandit Madan Mohan Malaviya raised the issue of Kohat, charging the local officials with callousness and demanding an independent enquiry. His points were promptly controverted by Mr. Denys Bray, the Foreign Secretary, who strongly repudiated the charge, and declared that Mr. Malaviya had done a great disservice alike to his co-religionists and to the cause of peace in the country. Indeed the danger of introducing such a debatable issue became apparent from the element of bitterness which found its way into certain subsequent speeches. The Home Member, replying on behalf of Government, confined his remarks principally to the constitutional issue and regretted that Government were not in a position during the present session to put forward their considered conclusions upon the Reforms Enquiry Report. In the event, after an interesting debate, Pandit Motilal Nehru's motion was carried by 65 votes against 48. On the other hand, the votes for the Governor General's Household allowance and for the Army Department, both of which the Swarajists were anxious to reject as a form of political protest, were carried by Government with the help of the Independents. When the Finance Bill came up for consideration, the Swarajists again raised a political discussion; and Mr. V. J. Patel opposed consideration on the ground that Government continuously flouted public opinion. Mr. Jinnah, on behalf of the Independents, agreed with Mr. Patel in condemning the policy of Government, but refused to weaken the constitutional protest already recorded by making it again. Other members took the opportunity provided by the discussion to criticise particular aspects of Government policy, Sir Purshottamdas Thakurdas, in particular, making a vigorous attack upon the manner in which the Government had handled the exchange question. The Finance Member received support from Dr. L. K. Hyder. But the Independents, while they expressed with frankness their views upon the

shortcomings of Government, were quite unwilling to join the Swarajists in the rejection of the Finance Bill; and the motion for consideration was carried by 76 votes against 40. We have already noticed in an earlier chapter the manner in which the Assembly dealt with the question of the Salt Tax. The final fixation of the figure at Rs. 1-4 per maund, in deference to the general desire for the relief of Provincial contributions, was principally due to the support which Government received from the non-official Europeans and from the Independent Party.

Towards the end of the session, the Independent and the Swarajist groups once more drew together upon the question of the Bengal Criminal Law Amendment Act. On 19th March, Sir Alexander Muddiman announced that the Provincial Act had received the assent of His Majesty in Council; and that the Government of India proposed to introduce a Bill supplementing it by granting a right of appeal to the High Court to persons condemned to death; empowering the detention of certain persons in custody outside Bengal if such a step should be desirable; and setting aside in cases covered by Act of the High Court powers of issuing a writ of Habeas-Corpus. The Swarajist and Independent Parties considered this project in their conclaves, and, on the score that one clause in the Bill was to the advantage of accused persons, determined not to oppose its introduction. They made up their minds, however, to reject the last three clauses of the Bill, which related to the suspension of Habeas-Corpus and to the detention of accused persons in custody outside Bengal. On 23rd March, when the matter came up for discussion, the Independents and the Swarajists united in carrying out the course of action which they had proposed. Thereupon the Member in charge of the Bill did not move that it be passed in its mutilated form. Lord Reading recommended to the Assembly that the Bill be passed as originally introduced. The Swarajists and the Independents again united, refusing to accept the Governor General's recommendation by 72 votes against 41. The debate was somewhat warm, a number of elected Indian speakers expressing their violent opposition to the procedure adopted by Government. The Bill in its recommended form was passed in the Council of State; and the Viceroy in accordance with the procedure laid down in Sub-section 2 of Section 67B of the Government of India Act, made a direction that it should come into

Bengal Criminal Law Amendment Act.

operation forthwith. The Assembly session thereafter came to an end.

Council of State.

During the Delhi session, the Council of State discharged important functions as a revising chamber, although its activities were not such as to commend themselves in all cases to the majority sections of the Assembly. The Council rejected Mr. Neogy's Bill to prohibit the reservation of Railway compartments for different races; it reinserted an important clause, thrown out by the Assembly, in the Provident Funds Bill. On the other hand, it earned the gratitude of a large number of persons by aiding the Assembly to fix the salt tax at a figure which permitted financial relief to the Provinces. It would be a mistake to suppose that the Council of State invariably endorses the stand point of the Executive Government. While unquestionably more conservative in its outlook than the Assembly, it does not hesitate to carry resolutions against the official vote when circumstances dictate such a course. A conspicuous example was provided by the passage, against Government opposition, of Sir Devaprasad Sarvadhikari's motion for a committee to report upon the obstruction to the flow of Ganges water below Narora, caused, to the inconvenience of pilgrims, by irrigation works.

The Muddiman Report.

We have already noticed that during the Legislative session, the report of the Reforms Enquiry Committee was published. This document excited particular interest, since it was coupled, in popular estimation, with the announcement that Lord Reading had been invited to England to confer with the new Secretary of State for India, Lord Birkenhead. Much speculation was aroused. Vocal Indian opinion, both within and without the Legislature, expressed great disappointment on the cautious suggestions put forward in the majority Report, at the same time urging the Viceroy to exert his influence in favour of the Minority proposals. The Swaraj Party, which had remained ostentatiously aloof from the enquiry, found little to approve in the recommendations of either half of the Committee; but other sections of educated opinion warmly commended the ideas put forward by the Minority members.

Other projects of constitutional reforms were also in the field. We have noticed Mrs. Besant's attempts to attract support to her

draft bill both at the All-India Leaders Conference and at the Belgaum meeting of the National Congress. Early in 1925, the Bill was published in a slightly amended form. Its main characteristic was the classification of units of administration into a five-fold grade ranging from the village to the Central Government. In each of these units, there were to be three bodies functioning, legislative, executive, and judiciary, each with its sphere defined and working independently of the others. The qualifications of voters were similarly defined in a progressive manner; becoming higher and higher as the scale of units proceeds. The Bill also contained a declaration of the fundamental rights of the people of India; including elementary education; inviolability of the liberty of person; freedom of conscience; free expression of opinion; right of assembly; equality before the law; equality of the sexes; and the use of roads and places dedicated to the public. It was suggested that the Viceroy, as representing the King, should retain the supreme control over naval and military forces as well as over foreign relations until the Indian Parliament should by its own Act signify its readiness to assume control. A further limitation suggested upon the power of the Central Legislature was the necessity of the previous approval of the Viceroy for any step concerning the Indian States. This scheme was submitted to, and in some respects altered by, the sub-committee of the All-Parties Conference which met in Delhi in January and February, 1925. It was finally adopted by a Convention sitting under the Chairmanship of Sir Tej Bahadur Sapru at Cawnpore early in April. Mrs. Besant has announced that she is projecting a widespread propaganda both in India and in England in its support.

Mrs. Besant's Bill.

While the Delhi Session was still in progress, some stir was aroused by contemporary developments in the Sikh situation. As has been pointed out in previous Statements, the Sikh community in the Punjab has for the last three years been in a somewhat disturbed condition. A religious movement for the reform of the shrines has become involved in the natural tendency towards self-assertion which a minority community, formerly occupying the position of a ruling oligarchy, inevitably displays when confronted with the prospect of majority rule. We noticed in last year's Statement the dramatic events at Jaito, which caused so much concern to the 1924 Delhi

The Sikh Situation.

session of the Legislative Assembly. During the remainder of the year, the relations between the Shiromani Gurdwara Prabandhak Committee with its militant arm, the Akali Dal, and the Government continued to be strained. A number of Jathas were successively despatched to Jaito, none of which, however, emulated the aggression of the first. The members were peacefully arrested and confined in jails in Nabha State. As the year proceeded, the moving spirits of the Prabandhak Committee apparently found it more and more difficult to collect recruits. A sense of discouragement thereupon set in, as it was realised that neither the religious nor the political aims of the Sikhs were likely to be attained by direct action. Towards the end of the summer of 1924, the more sober-minded sections of Sikh opinion slowly asserted themselves. The Akalis began to lose their prestige; and symptoms of discord appeared between the Shiromani Gurdwara Prabandhak Committee and the Akali organization. The Punjab Government, of which Sir Malcolm Hailey was now the head, took every opportunity to emphasize the attitude which they had throughout adopted. They made it clear that the authorities desired to help the Sikhs in the reform of their shrines by passing legislation which should secure freedom from abuses. But they emphatically asserted that no one section of the Indian population could be allowed to take the law into its own hands, whether it was animated by religious or by other motives. As a result of this endeavour of the Punjab Government to elucidate the real position, the party of moderate Sikhs was encouraged in its intention of embarking upon propaganda, favouring a settlement with the authorities; and towards the end of the year 1924, discussions were taking place as to the principles which should underlie legislation acceptable to all parties. As a result, a private member of the Punjab Legislature has introduced a Bill which, if passed, may go far to settle the religious grievance. But it is generally understood that the Akali Dal is putting pressure upon the Shiromani Gurdwara Prabandhak Committee to obstruct the settlement until all the Akali prisoners arrested for their defiance of the law have been released. Early in 1925, some excitement was aroused by allegations that numerous Sikh prisoners, who had been released from the Nabha Jails after making apology for their defiance of the regulations, had been in the first place grossly maltreated in order to induce them to recant. Charges of

hideous torture were made against the Nabha authorities; and some non-official members of the Legislative Assembly showed a disposition to take up the matter. Government, however, after making full enquiries, arrived at the conclusion that the stories were entirely unjustified, and announced their intention of taking legal action against persons who gave currency to these inventions. Any political capital, which might have accrued to the Akali movement from these falsehoods, quickly vanished; and Mr. Gandhi himself expressed the gravest doubts as to whether conduct so gratuitously horrible on the part of the Nabha authorities could have any foundation in fact. In short, while the Sikh question is by no means settled, the prospects for an accommodation between the sober sections of the community and Government seem, at the present moment, to be more favourable than at any period since the beginning of the agitation.

APPENDIX I.

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APPENDIX II.

SPEECH DELIVERED BY LORD READING ON THE OCCASION OF THE INAUGURATION OF THE FIFTH SESSION OF THE COUNCIL OF STATE AND THE SECOND SESSION OF THE SECOND LEGISLATIVE ASSEMBLY.

Gentlemen of the Indian Legislature, it is my privilege again to extend a welcome to you who are about to enter upon the labours of the Delhi Session. Many questions of importance will come before you, and it is my earnest prayer that the results of your deliberations may prosper the best interests of India and the Empire.

I am glad to note that conditions in India and on her frontiers are at the moment favourable; our relations with our neighbours in foreign countries on our borders are most friendly; and I take this opportunity of welcoming the distinguished officers from the Kingdom of Afghanistan who are present here to witness the military manœuvres now being held in the vicinity of Delhi. Their visit is greatly appreciated in India and is a token of the friendly and neighbourly relations which exist between His Majesty's Government and the Government of His Majesty the Amir.

Happily I am able to say that our Waziristan policy appears to be justified by the greater security of our districts and the gradual pacification of the country, though not without the regrettable loss of some valuable lives. Although in South Waziristan various difficult questions still remain unsolved, yet progress is evident. In North Waziristan we have reached pre-war stability. And with this improvement in the general situation it is well to observe that there has been a progressive reduction up-to-date in the cost of our forces employed in Waziristan.

It is a satisfaction also to record a marked improvement in India in economic conditions and trade prospects. In the first six months of the present financial year Indian imports and exports in sea-borne trade reached a total of 292 crores, an advance of 18 crores on the corresponding period of last year and of 39 crores on the figures for the same period in 1922. There are likewise clear signs of returning prosperity in internal trade; and the marked increase in gross railway receipts places beyond doubt the general revival and growth of internal trade activity. Despite damage in some localities owing to floods in the last monsoon agricultural prospects are generally good. The cotton crop is above average and the outlook of wheat and other spring crops is at present eminently satisfactory.

You have already been made aware of important changes in my Government. I shall in future have the assistance of Sir Bhupendranath Mitra and Sir Muhammad Habib-ul-lah as Members of my Executive Council, and I am confident that I shall derive the advantage I anticipate from their advice and co-operation. But changes are not confined to my Government; they

have occurred also in the Legislature, and especially in the Council of State, for Sir Montagu Butler who was the President of that honourable Chamber has left it to assume the post of Governor of the Central Provinces. Sir Henry Moncrieff Smith, whom I have appointed to succeed him, is well known to the Members of both Chambers. He has had long connection with the Indian Legislature and has won their esteem and respect, and I am sure that he will continue to enjoy the confidence of the Members of the Council of State in the higher place among them to which he has now been translated. There have also been a few changes among the Members of the Legislature to which I need not refer in detail; but I am convinced that the Members of both Houses will join me in deploring that ill-health has necessitated the resignation of the Right Honourable Srinivasa Sastri who has been a Member of the Council of State since its inception. I trust his absence from the Legislature will only be temporary and brief, and that he will soon be restored to health and enabled once more to add the distinction of his intellectual gifts to the Legislature and to devote his great capacities to public affairs.

I desire to embrace this opportunity of expressing my high appreciation of the labours of Lord Hardinge, the Maharaja of Bikaner and Sir Muhammad Rafique who represented India as delegates at the meetings of the Assembly of the League of Nations in September and October last. The meetings were of unusual importance and interest and from them have emerged the proposals for the Protocol which are now under the consideration of His Majesty's Government and the Governments of other nations concerned.

When considering affairs outside India, attention naturally and inevitably turns to Indians overseas. When I addressed the Legislature in January last the position of Indians in Kenya was critical; and I foreshadowed the appointment of a Committee to make representations on behalf of the Government of India regarding the Immigration Ordinance in Kenya in particular and other questions relating to Indians in the Colonies. The *personnel* of the Committee was announced in March last and the Committee began their labours in London in April. They had a number of interviews with the Secretary of State for the Colonies and the officials of the Colonial Office and made representations regarding many important matters affecting Indians in Kenya, Fiji and the mandated territories of Tanganyika.

I cannot too highly praise the thoroughness and ability with which they performed their delicate task, and I am grateful for the very patient hearing which the representatives of His Majesty's Government, Mr. Thomas and the officers of his department accorded to them.

As regards Kenya, the conclusions arrived at by Mr. Thomas were announced in the House of Commons, on August, the 7th last. On the question of Franchise and the Highlands there was no change in the position; but as regards immigration, His Majesty's Secretary of State for the Colonies after hearing our representatives was not satisfied with the data submitted from Kenya and was unable to agree with the Kenya authorities that a case had been made out to justify the Ordinance. He therefore gave an assurance that

the Immigration Legislation would not be placed on the Statute-book. The further restrictions then on the point of being imposed upon the immigration of Indians were accordingly removed. As regards Indian Colonisation, Mr. Thomas announced that it was proposed to reserve an area in the lowlands for agricultural emigrants from India; but that before the scheme took final shape an officer with experience of the needs of Indian settlers and agricultural knowledge would be sent to report on the areas to be offered for colonisation. Reports in regard to the areas have now been received by my Government; and we are considering the question of deputing an officer to examine these areas from the aspect of their suitability for Indian settlement. These are substantial gains and our gratitude is due to the Committee for the clarity and earnestness of their representation of the Indian point of view to His Majesty's Government. Moreover these gains are not the only advantages which accrued from their visit. A better atmosphere has been created and that wider understanding of different points of view has grown up which is the outcome of personal discussion and free and frank interchange of views.

In June last His Majesty's Government announced the appointment of an East African Committee under the Chairmanship of Lord Southborough to consider and report on certain questions regarding the administration and economic development of the British East African Dependencies. Having regard to the importance of this inquiry to Indian interests my Government made representations to secure a hearing of the Indian point of view before the Committee came to conclusions. I am glad to inform the Legislature that our representations have been accepted and the Southborough Committee will hear the opinions of Indian representatives nominated by my Government upon all matters coming within their purview.

If the pendulum has swung in the direction desired by India on these questions, the position in South Africa, on the other hand, has been less favourable. Towards the end of December news was received that the Governor General of the Union of South Africa had given his assent to the Natal Borough Ordinance. This measure, while safeguarding the rights of Indians upon the electoral roll of boroughs, will prevent further enrolment of Indians as burgesses. The serious implications of the measure on the future of Indians, who have special vocational and trading connections with the towns in South Africa, will readily be realised. From the outset the Government of India had recognised the effect this measure might have upon the position of resident Indians in Natal both as regards their civic and economic status; and my Government made strong representations to the Union Government as soon as a copy of the Ordinance was received in August last. At that time there was reason to hope that since a similar but more drastic measure had been disallowed previously by the Governor General, this Ordinance would also share the same fate; to our regret however the Government of the Union advised the Governor General to give assent to the Bill; and accordingly the measure has now become law. The situation created is engaging the most earnest attention of myself and my Government; we have lost no time in making representations to His Majesty's Government and in placing before them in

an emphatic manner the difficulties in which resident Indians are likely to be placed by the operation of this law. Every endeavour will be made to discover a remedy; but, in view of the powers of Dominion Governments in internal and domestic affairs, the position is one of delicacy and a solution will not be easy to find. Patience will again be necessary. I may remind you that when the position in Kenya seemed most unfavourable, temperate arguments and full and frank discussion resulted in a better understanding of the Indian point of view and in a measure of relief to the disabilities felt by Indians. I hope that as in the case of Kenya, so also in this case some remedy may be devised. I have promised to receive a deputation on this question and will discuss with them at a later date, in the light of further information which I hope to receive, the prospects of finding a solution to the present difficulties. For the present I say nothing more on the subject.

Of measures which will engage the attention of the Legislature an important section concerns Commerce, Industry and Finance. I will not dwell at length upon the Trades Union and Trades dispute legislation because I have recently explained the genesis and scope of these measures to the Associated Chambers in Calcutta. Both these measures mark a new step in the progress of labour legislation in India. I believe opinion has been expressed in some quarters that we are moving too fast along the line of labour legislation; but both these Bills only deal with essentials and are of a simple nature; and great weight must be given to the view that at a moment when labour has commenced organisation and is assuming prominence, recognition should be given by Statute to the fact and development on the right lines should be secured. I attach importance to the right preliminaries, though the future of Trades Unions in India will, I realise, largely depend not on enactments, but on the spirit shown by the employers and workers and on the attitude of the public. Let me also remind you that the views expressed by my Government in those Bills are tentative only; and when comments have been received they will be carefully considered and changes made as may appear desirable in the light of the criticisms expressed.

It is gratifying to observe the very keen interest taken by the Legislature in the working of the Tariff Board. During the past year, my Government have placed before you proposals based on two of the reports of the Board. The most important of these resulted in the passing of the Steel Industry (Protection) Act, which imposed heavy protective duties on a wide range of steel products covering most of those in ordinary consumption. The rates embodied in that Act were the result of careful investigation by the Tariff Board, but since they were brought into force, the Steel Industry has represented that further protection is required largely owing to a rapid and marked fall in the prices of Continental steel. This question was referred to the Tariff Board for inquiry, and during this Session a Resolution based on their report will be brought forward for consideration by the Legislature. The fall in prices of Continental steel had been so heavy that an attempt to deal with the position by means of increased import duties would have resulted in practically doubling the existing duties, with the consequence that from 50 to

70 per cent. of the landed cost of imported steel would have been represented by the duties charged. Obviously my Government could not agree to duties on such a high scale on articles which are largely used in agriculture and many other important industries. They have, however, accepted the general conclusions of the Tariff Board, and the Legislature will be asked in this Session to agree to the grant of bounty on steel produced in India between October 1st, 1924, and September 30th, 1925. The total amount of bounty proposed is fifty lakhs, which is the sum that it is calculated the industry would receive under the Tariff Board's proposals, were the rates recommended by the Board to become fully effective. This is a very favourable interpretation of the recommendations of the Board, especially as it allows the industry to obtain the advantage of the protection accorded without waiting for sales. If the grant of this bounty is made, it should prove of material assistance to the steel industry of India in its difficulties.

You will have noticed that the policy advocated by the Fiscal Commission has been steadily pursued. The Tariff Board is now engaged in investigating the applications for protection from certain other industries, notably cement and paper. The principle has been maintained that it is right and proper that any industry which appeals to the State for assistance must prove its case in public before an impartial Board. It is only by this means that an opinion can be reached on the merits of the case and the implications and effects of a demand for protection envisaged.

It is evident from private Bills, Resolutions and questions that Members are taking a lively interest in the difficult questions of currency and exchange; and it may be of interest to the Legislature to hear from me an indication of the policy of my Government upon these problems. While internal prices in India have on the whole remained steady, there has been a considerable rise in the sterling value of the rupee during the past year, and an even more marked rise in its gold value owing to the simultaneous improvement in the gold value of sterling. Thus far during the present busy season there has not been a repetition of the exceptional stringency in the money-market which characterised this period a year ago, and I am hopeful that the assistance which my Government have been able and will be able to give in the matter of providing additional currency, combined with the improved conditions on which emergency currency can now be issued to the Imperial Bank, will enable all legitimate demands to be met without undue strain during the remainder of the season.

My Government proposes in the first place to amend the Indian Paper Currency Act so as to increase the permissible investment of securities in the Paper Currency Reserve from the present limit of 85 crores of rupees to 100 crores.

The object of this proposal is to give the Government of India increased powers to ensure the supply of currency upon an adequate scale to meet the requirements of trade and in particular to prevent undue monetary stringency in the busy season.

We have made announcements from time to time to Chambers of Commerce and in the Assembly that, if my Government found existing powers were likely to prove insufficient, it would not hesitate to ask for increased discretion.

We began the present busy season with a margin of 13½ crores of permissible investment; and we have up to date increased currency by six crores, British Securities to the amount of six million pounds having been placed in the reserve in England. There is still therefore a margin of 7½ crores; but it is considered desirable to ask the Legislature for increased powers to meet possible contingencies.

The Members of the Legislature may rest assured that these provisions for increased discretion to meet demands for currency are a healthy development and offer no indications of a morbid tendency. The need is an outcome of the improvement of trade which is now definitely recovering from post-war depressions, and it is natural that increased trade should require increased currency facilities.

It should also be noted that this increase of currency represents an addition made by Government quite independent of the amount which the Imperial Bank is entitled to ask as a loan from the Paper Currency Reserve against the security of Internal Trade Bills. The Imperial Bank is entitled to ask for sums up to 12 crores. The conditions upon which the Bank can ask for this emergency currency have recently been modified by requiring that the first four crores may be taken when the bank rate is at six per cent., and any part of the remainder may be taken when the bank rate reaches seven per cent.

There has been a considerable feeling in some quarters that the time has come for the appointment of a Currency Committee to investigate the difficult question of exchange and to make recommendations. The suggestion has been carefully examined by me in consultation with my Finance Member, and has been for some time past the subject of discussion between my Government and the Secretary of State. The chief difficulty to be considered is the fluidity of economic and exchange factors in the world. The question is not affected only by features in India and England or even in the Empire; world conditions have also to be considered and powerfully affect the issues; and there is the danger that if a Committee sits at a time when factors are still unstable, its recommendations will be based on shifting data, and whatever may be the capacity and skill of the Committee, its conclusion will inevitably be of the nature of guess work rather than of expert findings based upon the examination of stable conditions and well-established tendencies. The result of discussion with the Secretary of State is that I am now authorised to make the following announcement which explains the conclusions of His Majesty's Government and my Government upon the proposal.

The Government of India have been in communication with the Secretary of State on the subject of the rupee exchange, and the intention of Government is to appoint an authoritative Committee to consider the question as soon as world economic factors appear sufficiently stable to justify formulation

of a new policy. In their judgment there is much to be gained by postponing an inquiry till those factors on which any decision must rest are less fluid and obscure. But they anticipate that if the movement towards more stable conditions, which has lately manifested itself, continues the appointment of such a Committee should be possible not later than 12 months hence.

In view of the opinion expressed in the Assembly regarding the need of an economic inquiry, my Government has decided in consultation with the Secretary of State to appoint a small Committee to report on the material which exists for holding an inquiry into the economic conditions of the people of India, the feasibility of instituting an inquiry of this character and the manner in which it could be carried out. Meanwhile the Taxation Committee have begun their labours.

It may also become necessary for my Government to introduce to the Legislature a measure to define the powers of the High Court in relation to tribunals and proceedings under the special Bengal Criminal Legislation. You are aware that His Excellency the Governor of Bengal has exercised the powers conferred upon him under the Government of India Act and has certified and signed the Bill. I take this opportunity of stating that His Excellency's action in this respect has my full approval, and that I shall support both him and his Government to the extent of my powers in meeting what I regard as a serious emergency. Inasmuch as I have decided to reserve the Act for the signification of His Majesty's pleasure, I do not now propose to discuss its detailed provisions or the Bill which my Government may eventually seek to introduce should His Majesty in Council signify assent to the Bengal Criminal Law (Amendment) Act. Nevertheless, as this legislation had its origin in the Ordinance, which I as Governor General in the exercise of the special responsibilities laid upon me promulgated, let me refer to certain aspects affecting the issue of the Ordinance.

Very full explanations have already been given to the public.

In spite however of the full ventilation which the question has received, some important aspects of it appear to be still clouded by the mists of misapprehension in the minds of some sections of the public; and the necessity both of my action and of the course adopted by the Government of Bengal has repeatedly been challenged.

I shall not travel again over the ground covered in my Calcutta speech. As the result of the public discussions it is now admitted on all sides, even by the most convinced opponents of special measures and special legislation, that a terrorist movement exists in Bengal, and that widespread conspiracies for violent crimes have been established. The objects which these conspiracies have in view as a result of their crimes are also not disputed. It has been proved by sad experience that the ordinary law, even when reinforced by the use of Regulation III in cases to which it can be applied, is ineffective to stop the movement or even to check its growth; and that the progress of the movement involves loss of life not only among officials, but among innocent citizens unconnected with Government or with the activities of any political party.

Yet in spite of this knowledge of these facts, there has been bitter criticism of the measures adopted to check and cure the evil. I find it hard to believe that those who indulge so freely in criticism have ever seriously attempted to think out the eventual implications of the movement or earnestly endeavoured to consider the responsibilities of Government or of the Governor General in the case.

It is hardly conceivable that any thinking man can approve of the spread of activities which seek to terrorise the population by breaking down established authority through a campaign of murder of officials and do not hesitate to destroy innocent victims who cross their path or to exact reprisals in form of the lives of those who give evidence or information of contemplated outrages. It is obvious that those activities can only end, if unchecked, in the paralysis of Government and of law and order and may place the lives and properties of helpless citizens at the mercy of a pitiless criminal organisation.

I cannot believe that any member of any political party in India, even if he is opposed, and vehemently opposed, to the Government as now constituted in India, would deny that it was the duty of Government to prevent the coming to pass of such a condition of affairs.

But it is urged that the Ordinance was not necessary. It is argued that these criminal activities could be adequately checked by the efforts of the police and the prosecution of the malefactors before Courts of justice. I whole-heartedly wish that I could subscribe to this argument, but I cannot accept it, because it is in complete disregard of the true facts. It is essential to remember that we were not dealing with criminals who could be arrested and tried for crimes on evidence freely given by persons with nothing to fear from their action in giving testimony. We were not dealing with the violent and open insurrection of a mob which could be fought with its own weapons. We were on the contrary dealing with widespread secret societies with many ramifications, which had taken the greatest care to conceal their insidious organisations and nefarious plans and were prepared to exact swiftly and secretly terrible reprisals upon members of their own society or members of the public giving information as to their actions.

You will doubtless remember that I addressed you on this subject at the opening of the proceedings of the Legislature in January of last year. Thereafter the Government of Bengal and my Government were for a long time in anxious consultation in regard to measures, and every effort was made to cope with the danger by the ordinary law, reinforced by such special action as lay within our power. Regulation III was used for reasons and in a manner I have previously explained to this Legislature. These measures however proved ineffective; and finally after exhausting all the weapons in their armoury, the Government of Bengal made a request to my Government. The members of that Government, Europeans and Indians, after careful consideration of the evidence and with full knowledge of the history and character of the local situation, were unanimous in applying to me to issue an Ordinance giving special powers to deal with this dangerous emergency. The investigation of the situation did not rest there; notwithstanding that it was for me to

determine whether the Ordinance should issue, it is for the Executive to assist in administering its powers. Moreover, I have during my term of office learnt to value the advice of the Members of my Council, and I have always derived the greatest help from their considered opinions. I therefore consulted them. I am well aware that I am taking a wholly exceptional course in giving you this information, but I do it advisedly after careful thought. The whole question was then studied in all aspects by the members of my Government, both Europeans and Indians, who arrived at a unanimous conclusion that the Ordinance was the only remedy available. The situation was then laid before the Secretary of State including the proposals for the promulgation of the Ordinance. The whole matter was submitted to careful examination by Lord Olivier and His Majesty's Government as then constituted. They agreed with the course suggested as the only possible method of dealing with the dangers facing the peace of Bengal. You will thus observe that my action was not only due to my personal conviction of the necessity for it, but that the view taken by me, and also by His Excellency the Governor of Bengal, has the support and approval of high and experienced authorities, both European and Indian, and was approved by the then Secretary of State.

I have already explained elsewhere why the Members of the Legislature were not consulted in September last. It has since been urged that the Legislature should have been summoned again before I took the step of promulgation. In my judgment this course was neither in the circumstances, desirable, nor indeed was it possible, if the means devised were to prove effective. The responsibility was of a nature which could not be shared, and it would not be right or proper for me to try to share it with you or to place it on your shoulders. Consultation with the Legislature would have meant publicity. The aim was to prevent crime and to paralyse the activities of the conspiracies. Past experience in the Government of India and the conclusions of the Rowlatt Committee point to the fact that to check conspiracies of this nature with success two features are essential. In the first place, the organisations must not know that general action of a special nature is under contemplation against them; and, in the second place, the method of working and the sources of information must not be endangered directly or indirectly. Any rashness or carelessness on these points may make future action entirely fruitless and completely nullify the object to be secured. If discussions in this Legislature had taken place, these conditions could not have been fulfilled and the Ordinance would have proved futile as a remedy for the disease.

There is, I regret to say, a tendency among some sections of public opinion in India to confuse all administrative acts with influences having reactions on desires for political progress. The repression of violent crime has, however, no affinity with the treatment of aspirations for advance. They have no resemblance in kind or degree and they are phenomena existing on entirely different planes.

Terrorism no doubt may sometimes batten on a section of political thought. It may expand like some foul parasite-growth deriving strength from living sources outside its own entity. It may flourish for a time in this conjunction

if it can cajole or frighten a political party into acquiescence or into encouragement of its activities; but no political party can continue to live with terror for a friend. The parasite will kill the host. True political progress can have no lot or part with terrorism. Whatever differences of opinion may exist between me and my Government and sections of public opinion regarding the Ordinance, I trust that the Members of the Indian Legislature will realise that my action was taken only after the most careful examination of the whole situation and with the sole object of preventing violent crime.

You will not be surprised that I refrain to-day from discussing the important constitutional questions referred to the Reforms Inquiry Committee which have formed the subject of important public discussion. You are aware that the Report of the Committee is now under the consideration of myself and the members of my Government. The weighty nature of the problems and of the investigation by the Committee demands our most careful attention and study, and I think it right to avoid observations upon any of the various questions involved until there has been adequate opportunity for thorough examination and deliberation by me and my Government. I desire however to take advantage of this opportunity to express to Sir Alexander Muddiman, the Chairman, and all the members of the Committee, my deep gratitude for the valuable services they have rendered. They have had a difficult task; they have not spared themselves either in time or labour, and I cannot too highly commend the care and expedition with which they have completed their task. They have devoted themselves whole-heartedly and to the best of their well known capacities to the duties entrusted to them. Whatever opinions may be expressed hereafter upon the results of their efforts, I feel sure that you, the Members of the Indian Legislature, and the Indian public generally, will agree with me in this tribute of appreciation of their services.

I have been deeply gratified to learn that the leaders of the two communities in Kohat have reached agreement, and that there are now good prospects of the return of the Hindus and of the resumption of past friendly and neighbourly relations. I was grievously distressed by the wound which communal tension had inflicted upon Kohat. I shall not refer to the painful events at the riots or their causes, as these have already been dealt with in the Resolution of my Government, and I shall serve no useful purpose by rediscussing them; but leaving these aside, the question which caused me the most acute anxiety and thought was the problem of reconciliation and of the future relations of the two communities. From the outset I have done all in my power to try to heal the wound and to bring the parties together. At one moment reconciliation seemed imminent, but the negotiations proved abortive; nevertheless, I and those associated with me were unwilling to regard the collapse as final. I have always been ready to take any official measures which may assist to restore the harmony and unity formerly traditional between the communities in this Frontier town; but I have recognised that these efforts were of the nature of an auxiliary to settlement and not the actual foundation of settlement. Any system of peace imposed from above or from outside would have neither been real nor lasting. The peace must be the

peace of Kohat; and until each party could itself testify that the heart had been cleansed from rancour, there could be no basis for permanent good-will in the future. I understand that the settlement has been well received by the two communities at large, and I trust that I may now hear that active steps are being taken towards the end which I and my Government have so much at heart—a restoration of that harmony and neighbourly relations between Hindu and Moslem which had long been in existence at Kohat. I know that I shall carry the Members of the Indian Legislature with me when I express the most earnest hope that this settlement may prove an enduring restoration of peace and good-will between the two communities at Kohat. I trust I may not be taking too optimistic a view when I express the further hope that the present high state of tension in the relations between the Hindu and Moslem communities in different parts of India may be relieved, and that more friendly relations between them may ensue. I need not assure you that I and my Government have observed with the deepest concern the lamentable series of riots and disturbances which have resulted in so much loss of life and property and, what is perhaps even more deplorable, so much exacerbation of old animosities. We are profoundly impressed by the necessity of taking all possible action to relieve this atmosphere of tension and to avert or mitigate the disorders which it unfortunately generates. I know that these views are shared to the full by all Local Governments. Nevertheless, I deemed it proper some time ago to invite their close and earnest attention to these matters, and I have every assurance that no effort will be spared by them or by their officers not only to avert temporary or local causes of trouble or to minimise its results, but steadfastly to promote permanent mutual relations of harmony and good-will. I am equally confident that all enlightened members of the communities affected equally deplore and are equally concerned in reconciling these unhappy communal dissensions. They will recognise with me that on a solution of these difficulties depend not only the present peace and prosperity of India, but also her future progress. I readily acknowledge that strenuous efforts have already been made, and are still being made, by leaders of Indian public opinion to establish more harmonious relations between these communities. I cannot too strongly affirm that this object is constantly and sincerely sought after by all responsible public authorities in India; but no measures, legislative or executive, however ingeniously devised, can be expected to produce immediate effect on the ancient and deep-rooted cause of these troubles. They can only be removed by the growth of a spirit of toleration and enlightenment. It cannot be denied that these animosities are a serious hindrance to the promotion of unity of aim in India, and that these quarrels and disturbances must inevitably retard political progress. Whatever differences may divide us in India, we must all agree that every effort should be made to prevent the recurrence of these communal troubles. In this field we can, and should, co-operate, and I trust that all members of these two communities and others, who are moved by humanity, public spirit and patriotism, will join with me and the responsible authorities in India in earnest efforts to promote this spirit of larger tolerance and conciliation. If this object could be attained, the distance along the road to political unity

in India will be considerably shortened. Moreover, I venture to cherish the hope that the diffusion of this spirit of harmony and good-will may communicate itself to other regions of acute controversy, and that in due course of time, and aided by this brighter and purer light, the road may be more quickly found to peace and prosperity in India.

APPENDIX III.

SUMMARY OF OPINIONS OF THE PROVINCIAL GOVERNMENTS RECORDED BY THE MAJORITY SECTION OF THE REFORMS ENQUIRY COMMITTEE.

Views of the Madras Government.

The Madras Government report that the transitional constitution has worked with a considerable measure of success in Madras. Some progress has been made towards the understanding of the system of parliamentary government both by the representatives returned to the council and by those who exercised the vote; political education has begun, and the population, both urban and rural, has become more articulate and to some extent more conscious of the meaning and value of the vote. It cannot be said that there are yet apparent signs of the division of parties according to political principles apart from the communal question and perhaps the theory of indiscriminate opposition to all proposals of the government. Even among the politician class the formation of independent groups is not so much due to differences of political principle as to communal considerations or the personal influence of individuals. Among the general body of the electorate personalities count more than principles. There is no lack of general political 'planks' in election manifestoes, but it is difficult to discern differences such as indicate in more politically advanced countries the real existence of political parties. The Ministers at a time of grave unrest have been able to steady public opinion and feeling, and their moderation has enabled them to refrain from rash and doctrinaire experiments. It is probably too soon to speak of the result of the changes as affecting the various branches of the administration, though probably the standard of efficiency in some departments has been lowered. The Governor in Council concludes that, if an earnest endeavour to work on constitutional lines is a qualification for political advance, the Madras Presidency has shown itself fitter for an advance than any other province. The Madras Ministers, however, attach no importance to minor alterations of the Act and Rules, and they insist that there should now be a complete transfer of all provincial subjects. The Governor in Council is inclined to doubt whether opinion in favour of complete transfer is as unanimous as the Ministers have been led to believe, and he is not prepared to agree that the time for it has yet come.

Views of the Bombay Government.

The Bombay Government say that there were no organized parties in the first council, and that therefore there could be no organized support of the Ministers. In the present council the Swarajist party is the only non-official party united by bonds other than communal. It is the strongest in numbers but does not command a majority, and it is pledged to a policy of refusal of political responsibility. The Ministers were therefore necessarily selected from the smaller groups, and this is the first and most im-

portant cause of the weakness of their present position. Having no adequate support from their followers they are obliged to rely largely for support upon the official vote, and accordingly the distinction between the two halves of the government is obscured. Further, a large section of the House is parochial in its outlook, and, as decisions depend upon the votes of this section, they are apt to be fortuitous in matters which are beyond the parochial outlook. Progress in parliamentary government has thus been retarded, but some progress has been made. The first stage in the path to responsible government should have been the development of self-governing institutions in the departments already transferred to the Ministry, and this stage has not yet been fully reached. The electorate has yet to learn the importance of returning representatives with a real sense of political responsibility for the welfare of the various peoples of the Presidency. It will be practically impossible to proceed to further stages until this lesson has been learnt. The Bombay Government are of opinion that the main object at present should be to strengthen the position of the Ministers and to encourage the organisation of parties. There is no other road to genuine parliamentary government. The Government do not therefore consider, though in this matter the Indian members of the Council dissent, that the stage which would justify any fundamental change in the body of the Act has been reached. The Indian Members consider that full autonomy should be immediately granted to the provincial governments, but the majority of the Government holds that effective safeguards would be required in certain essential matters, and there are many other matters which would need the strictest examination before such a drastic measure could be introduced for any provincial government. A satisfactory settlement would require repeated meetings of representatives of the central and provincial governments and an eventual reference to a Royal Commission, and the majority is of opinion that the time for such a reference has not yet arrived. The Government express their decided view that some definite declaration of policy which is to endure for some years is required. With such a declaration provincial governments will be able to go forward secure in the knowledge that their efforts to improve the welfare of the people on clearly defined lines will have that success which a continuity of sound policy ensures.

Views of the Bengal Government.

The Bengal Government say that the obstacle which is the root of all the difficulty in working the transitional constitution is the Indian conception of the government as something in which the people have no share or responsibility, and which it is therefore the duty of every progressive politician to criticise and oppose. It is of the first necessity that the elected members should realise their powers and use them. As matters stand, there is no party with a real constructive programme. The Ministers are left to evolve a policy in the time at their disposal and this the members proceed to criticise. These members have, however, no policy to put in its place, and, if the Ministers were replaced by others, the position would be just the same. The council has thus failed to grasp its power to make the government and by supporting it to carry through the schemes which it considers would be beneficial to the

country. In the first council progress was made and some solid achievements were recorded. The Ministers also were able to influence a sufficient number of the members to make it possible, with the aid of officials, to carry through a considerable amount of useful legislation. The second council contains a large and influential body belonging to the non-co-operation party which is pledged to prove that the present constitution is unworkable. This body was joined by the independents, and the combined party commands more than 60 votes in a House of a total strength of 140. The majority of the educated classes in Bengal desire provincial autonomy as early as possible, and the difference between the two sections is merely one of method. The Swarajists, as a branch of the non-co-operation party, are fully prepared to use such weapons as social boycott and are not above resorting to methods of terrorism, while the more cautious section of the educated classes stand to incur unpopularity if they even appear to support government. It is therefore not unlikely that at the next general election there will be a return of an absolute Swarajist majority which may take office with the avowed intention of wrecking the government from within. The constitution therefore requires to be specially considered from the point of view of giving the executive power to deal with obstruction. Apart from certain alterations to meet difficulties in the working of the Act and rules the Governor in Council would strongly oppose any attempt to modify the constitution or to alter the existing arrangements as regards reserved and transferred subjects.

Views of the United Provinces Government.

The Government of the United Provinces say that it is constantly alleged by their enemies and critics that the reforms have failed. They say that, if this means that the constitution has definitely broken down, the statement must be emphatically denied. Since the collapse in its original form of the non-co-operation movement the internal conditions of the province have steadily improved, and, except for the tension between Muslims and Hindus, there is now nothing to cause its government serious anxiety. Forty-seven millions of people are living peaceably under an ordered and progressive administration and are probably more prosperous than their predecessors have ever been. The reformed constitution has failed to satisfy both the Swarajists and the Liberals, and this constitutes the principal cause for anxiety. The Governor in Council cannot, however, admit that the attitude of the educated classes is the sole test by which the reforms must be judged. He is fully alive to the difficulties and defects inherent in or arising out of the present constitution; but he believes that they lie in directions, and that they point to conclusions, very different from those which its critics have in view when they ingeminate its failure.

Continuation of views of the United Provinces Government.

The division of subjects into reserved and transferred was in practice far from complete. On the reserved side the Governor has in the last resort power to enforce his views, but the constant exercise of the power would force a deadlock, and the Governor in Council has often therefore to defer to the wishes of a legislature which is inexperienced and liable to be influenced by

sentiment or prejudice. A policy of rigid economy has been pursued during the last two years, mainly at the expense of the reserved side of the administration, and it is impossible to ignore the fact that the financial control exercised by the council has seriously constricted the administration of reserved subjects which are those on which the conditions of any civilized government depend. Turning to the transferred side the policy of extending the principles of self-government in regard to local bodies has been adopted, and the result has been to deprive government of effective control. The Ministers have adhered to the accepted policy of letting the self-governing bodies learn by their own mistakes. Within these limits the Ministers have sought to guide local bodies in the right direction, but of the actual fact of deterioration the Governor in Council entertains no doubt. The change is not confined to local bodies. The universities impelled by financial pressure have begun to compete for students, and the easier they make their courses and examinations the more likely are they to be successful. This reacts on secondary education, and in primary education there has been little progress despite a great increase in expenditure. In the medical sphere there is a disposition on the part of the council to look askance at the Indian Medical Service, and the dislike of the Indian Subordinate Medical Department is unconcealed. There is also a tendency in the council to foster the practice of what western opinion can only regard as unscientific systems of medicine. In many respects these changes doubtless have the support of Indian opinion; but the Governor in Council cannot regard them as really making for the health or happiness of the people. The Ministers themselves have been working loyally and energetically; and they cannot be held responsible for these results which depend mainly upon the general conditions in which their work has been done.

Conclusion of views of the United Provinces Government.

Though he fears that this may expose him to misrepresentation and misunderstanding, the Governor in Council of the United Provinces considers it is essential to get down to root conditions. Ministers and legislators have acquired some acquaintance with the practical difficulties of administration, but political development is still in the most elementary stage. The electors do not recognise that the legislature is their representative, and practically no attempt has been made by any party to educate them in their duties and responsibilities. The electors are mainly members of an illiterate peasantry with many virtues but not many of the qualities out of which the controlling power of parliamentary governments is made. From force of circumstances they are pre-occupied with the difficulties of physical existence, responsive to the claims of their caste or community, passionately attached to their holdings, resentful of interference and oppression, but indifferent to any larger issue save religion, and religion in India is a disruptive force. The relations between the Hindu and Muslim communities are, it is to be feared, decidedly worse than they were 25 or even 5 years ago. As self-government has drawn nearer, the Hindu has become filled with alarm by the more rapid increase of Muhammadans, their greater virility and the tendency of some of them to look for support to powers outside India. The Muhammadans know they are

outdistanced both in wealth and education and fear Swaraj will mean a Hindu rule. The more farseeing politicians see that without a genuine union Swaraj is impossible, but there are few signs of a common patriotism capable of dominating sectarian animosities. In the legislature well-organised parties (except for the Swarajist) are non-existent; the interplay of personal factors is incessant; and the formation of stable combinations is impeded by the cross divisions of race, religion and interest. There is no large body of impartial opinon upon which the Minister can rely, and he can rarely take a strong line in opposition to any substantial or clamant section. In short, though this is certainly not surprising, neither the principle of responsibility to the electorate nor the principle of party cohesion has been established in any strength. These are the real obstacles to any rapid political advance, such as the Indian Nationalist desires, and they cannot be removed by any alterations in the details of the Act or rules. The Governor in Council says that dyarchy is obviously a cumbrous, complex, confused system, having no logical basis, rooted in compromise and defensible only as a transitional expedient. It is, however, not an accidental feature but the very essence of the policy deliberately embodied in the Act and the rules framed thereunder. The difficulties and defects inherent in it are quite incurable by any mere alteration of the Act or rules. The utmost such changes could do, if the structure of the constitution is to be maintained, would be to oil the wheels of the constitutional machinery.

The Governor in Council concludes that the answer to the whole enquiry may be summed up in the statement that there is no halfway house between the present and the new constitution. He expresses no opinion on the demand for the latter, but he is clear that concessions which fall short of complete provincial autonomy will placate no section of the opponents of the existing system; that they will secure neither stability nor contentment; and that they will lower the efficiency, already impaired, of the administration.

Views of the Punjab Government.

The Punjab Government point to the difficulties which faced the authors of the reforms scheme owing to the division of India into areas widely differing not only in social and temperamental characteristics, but at markedly different stages of political development. At the inception of the reforms the Punjab was an area in which administrative considerations must have appeared to the great mass of the inhabitants to outweigh those connected with political developments.

The executive government was absorbed by pressing administrative problems arising from the rapid material advance of the province. These changes in the conditions of life reacted politically in two directions:—

(*i*) in the sentiments of apprehension and even hostility entertained by the agriculturists against the monied and urban interests which tended towards the organisation of prejudices and interests and therefore to form a basis of political parties; and

(*ii*) in the intensification of thought on religious or communal lines.

A portion of the Hindu political element clearly welcomed the reforms as likely to afford them an opportunity of confirming a position gained by superior education and capacity in the use of political methods. It is doubtful whether the Muhammadans at large or the agricultural community were at that time entirely aware of the opportunities which the reforms would give them for developing their own interests. The authors of the scheme certainly could not have foreseen the speed with which its working would drive the two main communities into open dissension and would develop antagonism between the urban and rural interests. The agitation of the extreme section of the Sikhs may also be referred to in this connection, though the local government consider this cannot correctly be attributed directly to the reforms. The movement for the reform of the Sikh shrines was only one element in a larger agitation. It secured the unquestioning allegiance of the Sikh peasantry, and this success placed the extreme section of the Sikhs in funds for their campaign. This section recognised the political and numerical inferiority of the Sikhs and hoped to secure by direct pressure what they could not obtain by the ballot; possibly they looked further ahead and hoped to consolidate their position in time to be able to take full advantage of the breakdown of authority which they thought might follow the reduction of British influence in the administration.

Continuation of views of the Punjab Government.

The immediate aim of the reforms was to arouse political consciousness by constituting and training an electorate and its representatives. There is not as yet evidence of the existence of a thinking and selective electorate in the Punjab, capable of exercising its vote on considerations of policy. The figures do not argue any undue apathy on the part of the electors: in the election of 1920 the percentage of electors voting was low owing to the prevalence of non-co-operation doctrines, but in the second general election 49 per cent. of the electors recorded their votes. There is, however, little evidence of that close touch between representatives and electors which constitutes the vitality of a representative system. The election address is practically unknown; the constituency judges of the personality rather than the programme of the candidate. The representative seldom, if ever, addresses his electors or canvasses their view on any project of legislation before the council. In regard to the evidence as to the development of responsibility in the council whilst certain charges mentioned in their report can be levelled against the first council the balance of the whole of its account is not to its discredit.

In regard to administration the grave increase in crime should be attributed to economic and other causes and not to the reforms. The failure in many districts to maintain previous administrative standards is only indirectly due to the reforms. It is due to—

(i) the loss of a large number of efficient officers by retirement on proportionate pensions whose place will not be effectively filled by junior officers for some years: and

(*ii*) the loss of efficiency due to the increasing financial difficulties of officers and to the decline of enthusiasm owing to the removal of much interesting and constructive work from the hands of the District Officers to, for example, local bodies.

In both these causes the reforms must take their share.

On the transferred side the experience gained has not been sufficient to afford confirmation of any feeling that deterioration has taken place. The executive remains the same as before the reforms. The main criticism which is made against the departments administering the transferred subjects is that the Ministry of Education has subordinated the interests of its departments to the support of the communal interests of Muhammadans. It was not unreasonable that the Minister should attempt to secure definite opportunities to the community which constitutes his chief support in the council. The further progress of the tendency must, however, be watched with some care in the interests of the reforms. All communities feel that it is incumbent on them to strengthen and consolidate their own position in anticipation of the possible withdrawal of British authority. In the long run, however, nothing is so likely to produce failure in the working of representative institutions as the inopportune and inconsiderate use by one community of its voting power over others. For the moment, there is every justification for the attempt of a majority community, backward in education and political status, to raise itself to the level of its rivals. Real harm will only be done if that community passes from the constructive task of securing its position to the destructive process of denying equal opportunities to other communities.

Conclusion of views of Punjab Government.

Turning to other points the local government say that whatever feelings may be entertained in political circles in favour of the development of "provincial autonomy"—the implications of which have been so little explored or understood—few acquainted with the administrative needs of the country will contest the need for central control in all essential matters. The difficulties in this respect have been due rather to the application of the control than to the principle. So far as internal affairs are concerned it has been impossible in practice to treat the formal division of subjects between reserved and transferred as constituting clear cut spheres of work. In the Punjab, for example, the transferred subjects of "Religious and Charitable Endowments" and "Excise" have been found to be intimately connected with the reserved subjects which are usually referred to under the comprehensive title of "Law and Order." The dyarchical scheme necessarily contains anomalies, and it cannot be contended that the Punjab offered a really suitable field for the introduction of a divided responsibility. So far Ministers willing to co-operate with the executive have been found who have been supported by a party which has not attempted to force them into an extreme position. In other circumstances the complications arising from the reaction of transferred on reserved subjects might constitute a serious danger to the administration. The main object of the present discussion is not the establishment of provincial autonomy. An impartial observer might reasonably object to the transfer of any

further subject until the limitations which must be set on the absolute autonomy of the provinces have been adequately explored. In fact the advocates of complete independence of parliamentary control have not foreseen the inevitable results in the creation in India of virtually independent and antagonistic units controlled neither by a central executive nor by a central legislature which must be shorn of its powers by the natural process under which legislative follows administrative independence. In the Punjab, indeed, judging by the attitude of the press, which is subject to Hindu control, there is so little effective demand for further transfers as to create a suspicion that there would be some gratification if the transfer of certain subjects were revoked. At least constant efforts are made to persuade the Governor to control the Ministry in order to safeguard the communal interests of the minority in the council.

Views of the Burma Government.

The reforms were introduced in Burma two years later than in the other provinces in India. The Government of Burma have therefore reported with much less experience of the working of the constitution even than that of the Governments of the remaining provinces. They say that less than seven per cent. of the electorate voted at the only general election held, which was boycotted by the extremists. So far as the Governor in Council is aware, no member of the legislature has addressed his electors on the problems of the day, and but few have attempted to establish between themselves and their constituents that relation which exists in countries where parliamentary institutions flourish. There has been valuable training of the members of the legislature, but the electorate as a whole stands much where it did before the introduction of the reforms. The Governor in Council concludes that during the 18 months in which the reforms have been in operation hardly any difficulties have been experienced and hardly any defects discovered in the working of the constitution.

Views of the Bihar and Orissa Government.

The Government of Bihar and Orissa have forwarded a summary of certain general aspects of the second general election made by the officer who supervised the arrangements for it. He says that public meetings were almost unknown; political canvass was almost entirely the canvass of leading residents, zemindars and lawyers; election addresses were issued in some places but not broadcast: and handbills containing no argument and no explanation of the political position were the commonest form of appeal. He says one may search in vain for signs that three years of the reforms has educated the electorate to the meaning of an election and the business of a legislature. From every district the reports of the presiding officers declare that a large proportion of the voters did not know the name of the candidate for whom they voted, but had only been told the colour of his box. In the standing of the Swarajist candidates for election we have the first signs of the formation of a party system. The candidates were personally of little standing, but they had some notion of organising an ignorant electorate on party lines to vote against the government. They have, however, revealed the amazing credulity and ignorance in

the electorate which has to be overcome. The candidates have attributed to their opponents responsibility for raising the price of post-cards, salt, oil, cloth and all the other necessaries of life; they have promised to effect a millennium of no rent and no taxes; and they have exploited the superstition of the masses in regard to the colour of the voting boxes.

Turning to more general questions, the Bihar and Orissa Government include amongst the causes which have contributed to the non-success of the reforms the failure to create a Ministerial party prepared to support the Ministers in carrying out a definite programme. The constitutional structure has been borrowed from England, but the foundation essential to carry it is lacking in India. This has made the position of the reserved side particularly difficult. The council still remains divided into two parties, officials and non-officials. Where the issue is not an anti-government one, Ministers have their following in council, but they cannot bring this to bear on political issues and cannot therefore assist government in times of difficulty. Another cause is the general political inexperience of the country and the reluctance of the average Indian members to face personal opposition or unpopularity.

In conclusion the local government say there is very little that can be done to smooth the working of dyarchy or to eliminate the different administrative imperfections. If a further step is contemplated, on what grounds is it to be taken? If the object is to pacify at all costs our clamant critics the few minor remedies suggested will not influence them one jot or title; they will be satisfied with nothing less than the disappearance of dyarchy and the substitution therefor of provincial autonomy.

Views of the Central Provinces Government.

The Central Provinces Government say that the value of the experiment in responsible government during the first council was weakened, firstly, by the lack of connection between the members and their constituents; secondly, by the absence of any party organization which would have made the responsibility of Ministers to the council effective; and, thirdly, by lack of funds. The fair measure of success in the working of dyarchy which was achieved was due partly to the moderation of the council and partly to the efforts made to work the scheme by the Members of Government and the permanent services.

The basis of the reforms was the gradual training of the electorate by the exercise of responsibilities proportionate to their capacity for the time being. The political education of the electorate must be a slow and difficult process, and in the Central Provinces the education given to it during the first council was very small indeed. At the second general election Swaraj was put before the electorate as a vague millennium. The Swarajists made no attempt to explain their policy of obstruction to the bulk of the voters; and in very few of their speeches or broadsheets was the pledge to abolish dyarchy made. The local government refer to the immensity of the problem in the Central Provinces. Even in local affairs the voters with every advantage of local knowledge have not yet learnt the value of their vote and make no effort to control their representatives in matters vitally affecting their interests. For the local legislature the franchise covers about 1·1 per cent. of the total population, most

of them illiterate. A period of four years is far too short a time in which to expect the growth of political ideas in an electorate so handicapped by illiteracy and general lack of the political sense as that of the Central Provinces. The Governor in Council therefore considers it would be premature, until the electorate gives evidence of an active and intelligent use of the franchise, to make any further advance in the direction of responsible government.

Views of the Assam Government.

8. Finally, the Assam Government say the new council contains an organized Nationalist party comprising approximately one half the elected members with a Swarajist nucleus and leader. Outside this party there was neither at the elections nor is there in the council any party organization. Many of these other members, however, are in many respects more inclined to oppose government than to support it. It is regrettable that the acceptance of office by the Ministers and the indication of a genuine attempt on their part to work the existing constitution are sufficient to alienate from them the goodwill of the council as a whole and to deprive them of the influence which they exercised as private members. The difficulty of the position is aggravated by the fact that the Swarajist party in Assam draws its inspiration from the all-India leaders who have made it clear that their object is the early establishment of Dominion Home Rule, and in face of this larger issue provincial autonomy is a minor and subsidiary proposition. One of the main causes of the present trouble is the failure to realise the anticipation of the authors of the reforms that reasonable men would conduct themselves in a reasonable manner in a spirit of compromise and co-operation. A considerable section of the council is openly hostile to the present constitution and is indisposed to consider the proposals of government on their merits. No regard is paid to the dictum of the Joint Committee that the Governor's power of restoring demands on the reserved side was intended to be real, and that its exercise should not be regarded as unusual or arbitrary. On the contrary the use of the power leads to declarations that the reforms are a sham and the powers of the council illusory. The dangers of such an agitation among an uninstructed electorate and an ignorant population are obvious.

The Governor in Council sums up the difficulty of working the constitution as due, firstly, to the existence of a section of public men, considerable enough in numbers and ability to influence the council, which is actively hostile to the present constitution and declines to work it; and, secondly, to the financial difficulties which have precluded the local government from undertaking any activities other than carrying on the essential administrative functions on pre-existing lines. The Ministers have thus no convincing answer to the cry of their opponents that the reforms have bestowed no benefits on the electors. With such an improvement in the financial position as would place the Ministers in a position to carry out schemes of public utility and thus enable them to consolidate their position with the electorate, there is a reasonable prospect, at least in Assam, that reasonable men prepared to work the constitution in a reasonable spirit would command a majority in the council and would in due course be able to justify a further substantial advance towards responsible

government. Without this, palliatives like the transfer of further subjects will have little effect in improving the situation.

Views of dissenting Members of Council and Ministers.

In the foregoing summary of their reports we have referred to the views of the Governors in Council. In some cases these views were not shared by all the Members of Council, and the Ministers frequently did not support the views accepted by the Governors in Council. We proceed, therefore, to summarise briefly the views urged in the enclosures to the reports of the local governments by the dissenting Members of Council and Ministers who were in office at the time when the reports were made.

(a) No Member of Council in the Madras Presidency dissented from the views of that Government. Two Ministers, Sir A. P. Patro and Mr. Ramarayaningar, however, annexed memoranda to the local government's report, and the latter Minister also on a later date forwarded a criticism of the picture given by the local government of the working of the constitution. Sir A. P. Patro states that the opposition in the council must subject all governmental measures to effective criticism. On the reserved side, however, criticism may only consist in giving advice and making recommendations, and the sense of powerlessness over the reserved subjects leads to a sense of irritation and despair. It is a tribute to the commonsense of the members that they did not make extreme or illegitimate demands on the Reserved Departments. There is now a strong determination of all parties to obtain an effective voice in the administration of the reserved subjects. The position of the Ministers has, therefore, become very serious. Are they to vote with the reserved half or are they to carry out the will of the majority of the council? On the other hand if the Ministers vote against the reserved subjects the administration of those subjects becomes very difficult. The test of political responsibility lies in the amount of assistance which the council will accord to the administration of law and order. In Madras the council fully realised its responsibility in this respect during the most critical times. So long, however, as it is a reserved subject the council will not have full confidence, and its administration becomes more difficult. The council does represent public opinion and further does a good deal to create it. The relations between the members and their constituencies in the party supporting the Ministry have been more or less closely preserved by a series of conferences. The work of the council also started on a kind of party system. The dyarchical system, however, has had the best trial in Madras, its difficulties are now known, and it is necessary that all provincial subjects should be brought under the control of the council with the reservation that in the cases of law and order and finance residuary powers to meet emergencies should be given to the Governor. A special member should also be appointed as Deputy Governor to administer central subjects.

Mr. Ramarayaningar says there is no doubt that the reformed councils are an improvement over their predecessors as they have the people behind them and are capable of doing a great deal effectively either for good or for bad. In spite of several defects in the constitution the Madras Government

fared well, and this was much to the credit of the Governor. The constitution has become complicated and difficult to work. The three years which has elapsed has given the experience expected from the ten years period, and, knowing that the transitional stage is attended with serious risks, it is no use keeping to that stage. The political consciousness of the masses has been roused, and they are prepared to run risks to gain political advantages. A return to the pre-reform position is impossible. The only course open is to go forward. All subjects must be transferred to the control of the council with the retention of residuary powers in the Governor in the cases of finance and law and order. Madras has worked the reforms fairly satisfactorily and must have its reward. It is no exaggeration to say that in every Transferred Department, Madras has been able to advance rapidly, and the advance would have been more marked, if the contribution under the Meston Award had been foregone.

The two Indian Members of the Bombay Government dissented in some respects from the views of the local government, and the Ministers have endorsed the views of the Indian Members of Council. They say it cannot be contended that even in 1929 full responsibility cannot be contemplated because in the meantime more subjects have not been transferred. When the reforms were introduced the country was divided into two main camps; one was composed of the non-co-operators, who regard the reforms as a sham, and the other, while not fully satisfied, were nevertheless prepared to work them as far as possible. The Act has not been put into practice in the spirit in which it was drafted or worked in the way in which it was intended. It can hardly be said that there has been actual and full control of the Transferred Departments by the Ministers and the council. The forming of parties under a system of dyarchy, whereby the Minister is placed under the dual control of the council and of the Governor, is impracticable. The entry of the Swarajist party prevented the formation of a Ministerial party. In the present circumstances there can be only two parties, the government party, consisting of Executive Members, the Ministers and official members, which is the party in power, and the opposition, part of which supports government when it suits its purpose to do so. No palliatives will be of any effect, and the creation of an authority to control the government in the shape of a responsible elected council can only be achieved by the grant of full responsibility in the provinces. A Royal Commission will be necessary to decide—

(*i*) the relations of the provincial and central governments;
(*ii*) the provision required for the protection from party politics of all the services by means of a Public Service Commission; and
(*iii*) the provision required for the due security of provincial finances.

Sir Abdur Rahim and Mr. A. K. Fazl-ul Huq forwarded separate notes with the report of the Bengal Government. Sir Abdur Rahim states that any step of a retrograde or reactionary tendency would be in opposition to unanimous Indian opinion and gravely intensify political difficulties. Indian public opinion, as voiced by many of its influential and responsible exponents, is for the immediate grant of an entirely autonomous and responsible government.

in the provinces and the introduction of a considerable measure of responsibility in the central government. He admits frankly that before supporting this demand he would wait until a genuine experiment has been made in responsible government for the life of two or more councils in the transferred subjects. No such experiment has yet been made, and he desires to see how far the electorate and their representatives are able to realise their responsibility when thrown on their own resources. He points out that we have also to be completely satisfied as to how far the communal groupings in India, the existence of which cannot be ignored or minimised, are, or are not, consistent with political responsibility. Critics of dyarchy who say that it is unworkable mean different things. The Swarajists apparently mean that it has not achieved the millennium. Other theorists argue that the form of government which the people were used to from time immemorial until 1921 indicates that government by a representative assembly can only lead to inefficiency and perhaps anarchy. The first council in Bengal worked creditably. The Ministers, however, latterly came in for a great deal of criticism for supporting the official view on some important administrative questions in the police and the jail departments. Even the members of the council who always found themselves in opposition to government never thought of obstruction by the wholesale rejection of the budget. The impression which prevailed among them was that the Ministers retained their office through the goodwill of the Governor, and not that the Governor would be constitutionally bound to dismiss them if they lost the confidence of the council. The entry of the Swarajist party caused the working of the council to assume a different aspect. The sole object of this party was to obstruct the government with a view to force the British Parliament to grant immediate Swaraj. The fate of this party is difficult to foretell, but we must reckon upon the possibility of there always being a party impatient of the pace by which the British Parliament may regulate the development of responsible government in India. He therefore makes detailed proposals for the establishment of a stricter form of dyarchy and says that he thinks that not even the Swarajists with all their enticing shibboleths and numerous trickeries can for long persuade the council not to make the best use of the opportunity given to it of becoming genuinely responsible for the administration of the transferred subjects. If even then the council is unable to rise to its responsibility, government can well hold with a clear conscience that the country is not yet ripe for responsible government and would be justified in seeking some other method of advance.

Mr. A. K. Fazl-ul Huq, on the other hand, is not prepared to support the suggestion that dyarchy should be worked in the form suggested by Sir Abdur Rahim. He suggests that representative institutions have been thrust upon India, although, as known in the West, they are utterly unsuitable to Indian conditions. Oriental ideas of Kingship are fundamentally different from those that prevail in the West; political conditions in India debar the possibility of any harmonious working of representative institutions; and the political atmosphere, arising from the incessant communal strifes and other causes, makes the growth of self-governing institutions an impossibility. Representative institutions in their proper form cannot be expected to flourish in India.

It has been a great mistake to force upon India a constitution unsuited to Indian conditions, and it would be a serious blunder to extend its operation unless conditions materially change. He strongly deprecates as a fatal blunder any advance by way of the transfer of more subjects. That would increase political agitation in India and encourage lawlessness and defiance of authority. The constitution should be worked for the full term of its probation.

The Indian Member of Council in the United Provinces forwarded a separate note and so did the Ministers. The Indian Member says that the system of dyarchy was in practice put to a different test by different provincial administrations. In some provinces the system of joint deliberation by the two parts of government was started but could not achieve success because of the inherent defects in the very scheme of dualism. The provinces in which the system of separation was followed fared no better, because two different systems in one government are not practical. The Ministers were required to defend the decisions of the entire government and to feel responsibility for conforming to the wishes of their constituents, and this placed them in a very precarious position. The Members of the Executive Council cannot do without the council, and some of their responsibilities are so unpleasant that no such Member can claim to enjoy the council's confidence. It must be decided whether government should shut their eyes to the present position or take up the question of removing at once any flagrant defects in the constitution. He is convinced that the Government of India Act must be amended ultimately. He suggests dyarchy should go and the government should consist of Ministers only, of whom one or two should be nominated from among the members of the Civil Service. The powers of certification and veto should be retained. Otherwise, the only safeguard he recommends is the constitution of a second chamber.

The United Provinces Ministers think that the time has come for a step forward and the handing over of a large degree of responsibility to Ministers responsible to the legislature. They refer to the difficulty of the Ministers in connection with the Reserved Departments. They say, if they vote with Government, they will be voting against their own party and may alienate the sympathy of its members. They know the uphill task it has sometimes been to persuade non-officials to agree to some proposals on the reserved side. As safeguards to provincial autonomy they suggest that the landlords should be given increased representation in the landlord constituencies or that there should be a second chamber. If it is considered impossible to amend the Act on the lines which they recommend, they would eliminate the evil of dyarchy by transferring as many more subjects as possible.

In the Punjab separate notes were forwarded by the Indian Member of Council and by the Ministers. They suggest the transfer of more subjects, but the general considerations, which we are now summarising, are on the whole absent from their notes.

The Burma Ministers also annex a separate note to the Burma Government's letter. The note contains but few general observations. We observe, however, that they definitely recommend, on the ground that Burma is not

India, the transfer of all central subjects, except Imperial defence and foreign relations, to the Ministers and also the transfer of all provincial reserved subjects.

The Indian Member of the Executive Council and the two Ministers of Bihar and Orissa also forward separate notes. Mr. Sinha states that the inherent defects of dyarchy are patent. The system is too complex and complicated and is unwarranted by political experience. Educated Indians contend that they understand a benevolent despotism but cannot appreciate the dyarchic hybrid. Professor Lowell points out that "the foundation of government is faith, not reason." If this be true of European states it can be predicated with even greater certainty of Asiatic countries and their governments. It may be that the full political paraphernalia of a constitutional governor and a responsible minister must wait the revision of the constitution in 1929. He accordingly agrees with the Honourable Ministers that all departments of the provincial government, other than those relating to the political and the judicial departments, should be transferred. He desires this change not with the object of pacifying or placating the avowed opponents of the present system. For, in Bihar and Orissa, these opponents are a mere handful compared with the less vociferous "sturdy, loyal people." Dyarchy has failed to evoke that faith which is the foundation of government. His recommendations for transfers are intended to avoid too rapid changes and to avert the chances of prospective insecurity. He defers to the views of his Government, however, that the transfer of all these subjects would be found so unworkable as to produce a deadlock in a year's time, and he therefore comes to the conclusion that the present constitution should be superseded by complete provincial autonomy which alone seems to be the true solution of the difficulty.

The Bihar and Orissa Ministers say that the anomalous character of the present system is patent. The splitting of the component parts of the administration, apart from its difficulty, has raised a grave suspicion in the minds of the people that the British Parliament has no trust or confidence in the people in the administration of all provincial subjects. The remedy for the inherent defects in the constitution lies in changing the whole constitution. Nothing short of complete provincial autonomy will satisfy the people, but, if this is outside the scope of the enquiry, fresh rules should be made for the reclassification of subjects, and, if a much larger number be transferred, the majority of the people will be satisfied.

The Indian Member of Council in the Central Provinces also forwards a note of dissent. He classifies the heads to be considered under seven heads in all. The first three relate to the electorate. As regards this he admits that it is small and the electors mainly illiterate, but the latter fact does not necessarily connote want of interest in, or appreciation of, political issues. He believes that the electors grasped the view at the last general election that the Swarajists were fighting a battle in their interests, and, considering how recent has been the awakening of political consciousness, he thinks this appreciation of the candidates believed to be working in their interests by the

electors is a fact of great value. The remaining four heads are more important. They relate to the members of the council. They were distrustful in the first council of government motives and policy on the reserved side, but the position would have been better, if they had been given responsibility for all subjects, in which case the extremist section would not have followed a policy of obstruction. The absence of a party system was natural; the concentration of effort was for a continuous battle against government; and the first elections being what they were neither the electorate nor the representatives felt any necessity of holding to account or being accountable. One thing is clear, dyarchy neither had nor can have a fair trial. Full provincial autonomy might be attended by some risks but it would be a right step for deciding whether parliamentary forms can be properly worked in the interests of the people at large. Even now safeguards can be introduced by the retention of larger powers to the Governors. All provincial subjects should be now transferred.

Of the two Ministers in Assam Mr. P. C. Datta thinks that in the present temper of the people nothing short of full responsible government in the provinces or at least a sure prospect of its early attainment will placate them. If this line of advance is not within the scope of the enquiry the preamble to the Government of India Act should be altered so as to declare that India will get responsible government within a definite period subject to such reservations as may be found absolutely essential. If Parliament is unwilling to commit itself to this, the only alternative is to revert to a Council form of Government with such modifications as may be necessary to conform to the declaration of 1917. The position of Ministers is unenviable. All the fury of the new party is directed against them. Whether dyarchy is to be retained or abolished is a question which has to be decided for all the provinces together. A reversion to the Council form of government would be a pretext for inveighing against Parliament, but this will not make the position worse, and deadlocks will be avoided.

Syed Muhammad Saadulla says that the position of Ministers under the constitution is one of great delicacy and difficulty. They are under two crossfires and must please both the Governor and the council. So long as the constitution remains a dual one, it will encounter vigorous criticism. Any advance in the present constitution should be on the lines that there should be only one government, that is, the Governor and Ministers alone. It could be provided, however, that one of the Ministers should be a government officer to be elected or selected from the officials in the council. To work the present system Ministers should be given more authority and more power. To the Indian mind the word Minister connotes patronage and autocratic power. The Ministers should therefore be empowered to make all appointments in the subordinate services and the provincial service should be filled on his recommendation by the Governor, irrespective of the choice of the Head of the Department. This will visualise his power to the public at large. In India as everywhere else money marks the man, and the Ministers must therefore be given the same pay and status as the other Members of Government.

APPENDIX IV.

Summary of the conclusions of the Reforms Enquiry Committee.

The majority section recommends that by practice the Secretary of State's control should be relaxed on matters affecting purely Indian interests. The minority does not build up much hope on such a convention. The majority recommend that (1) high officials mentioned in sub-section (*1*) of section 110 of the Government of India Act should be exempt from the jurisdiction of all Courts, and not merely as at present from the original jurisdiction of High Courts; (2) that Courts should be barred from premature interference with Presidents of the Legislatures; (3) that the Presidents, Deputy Presidents and Council Secretaries should not be required to vacate their seats on accepting their office; (4) that the powers of the Governor General in Council to secure by declaration that the development of a particular industry shall be a Central subject should be modified, so as to relax the existing restriction and allow the power to be exercised with the concurrence of the local Government or Governments concerned; (5) that the existing disqualification for Membership of the Legislatures because of conviction by a Criminal Court should be modified by increasing the period of sentence constituting such disqualification from six months to a year, and, subject to provisions to secure uniform action, by enabling its removal to take effect through the orders of the local Government, instead of only by pardon; (6) members of all legislatures should be exempted from serving as jurors or as assessors and from arrest and imprisonment for civil cases during the legislative session and for a period of a week before or after the session; (7) that the corrupt influencing of votes within any legislature by bribery, intimidation and the like should be made a penal offence.

The minority express no objection to the above recommendations.

The majority recommend the constitution of two Standing Committees of the Indian Legislature, on Bills affecting Hindu and Muhammedan law respectively; the minority hold that the question has not been fully examined; and that existing safeguards are sufficient against hasty legislation.

The majority recommend that women should be allowed election or nomination as members of a Legislature provided the Legislature concerned passes a resolution approving of such a step. The minority favours the removal of all restriction of rules against women being enfranchised and elected to Legislatures. The majority recommend that there should be the power of nominating both official and non-official experts on Bills; and that there should be special representation for factory labour in the Assembly, if possible by election.

Dealing with the provincial Governments the majority, with the general concurrence of the minority recommend (1) that joint deliberation between the two halves of the Executive on important questions should be definitely enjoined by a rule in the Devolution Rules, (2) that the Devolution Rules and the Instrument of Instructions should be modified to lay down joint responsibility of the Ministry. This purpose the minority suggest should be achieved by amending the Act. (3) The Ministers' salaries should be fixed by Statute at a minimum of three-fifths of the salary of an Executive Councillor; otherwise the salary may be varied by an Act of the local Legislature. The majority point out in this connection that it was never intended that there should be no Ministers. They recommend that motions for nominal reduction of salary during voting on demands, and motions of no confidence should be allowed to enable responsibility of the Ministers to Council being enforced. (4) The control of the Governor over the Ministers should be more expressly indicated by amending the Instrument of Instructions so that, subject to the power of interference to prevent unfair discrimination between classes and interests and to protect miniorities and to safeguard his own responsibility for reserved subjects and members of the Services, the Governor should not dissent from the opinion of his Ministers. (5) Council Secretaries should get a reasonable salary to be fixed by the Legislature. Their appointment should be recommended by the Minister to the Governor and they should vacate their office with the Ministers. (6) The word "may" in clause (*ii*) of rule (2) of the transferred subjects Temporary Administration Rules should be changed to "shall." (7) The rules of executive business should be changed enabling a Member or a Minister to recommend to the Governor that the subject be considered before a joint Cabinet or before the side of the Government concerned; that a Secretary or other officer with a right of direct access to the Governor should inform the Minister of every case in which he differs from him and in which he proposes to refer to the Governor. In this respect the minority section object to the right of direct access to the Governor being enjoyed by the Secretary or other permanent official in the case of transferred departments.

The majority recommend the transfer of Forests, unless the local Governments can make out a convincing case against the proposal; the transfer of Fisheries and Excise in Assam; the transfer of Boilers, Gas and Housing of Labour; provided that Boilers and the Housing of Labour remain subject to Central legislation. They further recommend the transfer of Land Acquisition, of Provincial Law Reports, and Provincial Government Presses should be considered. As regards Stores and Stationery, they suggest the removal of the power of the Secretary of State for framing rules in respect of imported Stores and Stationery. It is stated in the minority Report that on the assumption that the principle of dyarchy must be maintained, Mr. Jinnah proposed to transfer all subjects except Law and Order, subject to such adjustments and further definition of Central and Provincial subjects as might be determined. With this opinion Dr. Paranjpai agreed. Sir Sivaswamy Iyer also agreed with the limitation, but he was not prepared to endorse

the suggestion for the adjustment and definition for the Central Provincial subjects without further examination of details. Sir Tej Bahadur Sapru did not object to the transfer of any subject, but consistently with the views he holds on the practical difficulties of working dyarchy, he was not prepared to recommend the transfer of any subject.

The majority recommended the re-arrangement on a more logical basis of the list of subjects annexed to the Devolution Rules. They recommended that the existing stringency of control over provincial legislation should be modified. They recommend that the provision making University legislation and the Calcutta University subjects of Indian Legislation should be deleted. They also desire that it should be made clear that the Governor may return a Bill passed by one Legislative Council for reconsideration by a new Council in whole or in part; and that the Legislative Council Rules should be amended to secure that motions may not be moved for the omission of the whole grant when demand is made for a grant.

The majority recommend that the six months' residential qualification should not be required for European seats; while the minority are opposed altogether to the retention of the residential qualification. The majority further recommend the representation of the Depressed classes and Factory Labour in local Councils, if possible by election but oppose any widening of the general franchise. On the other hand, the minority favour a lowering of the franchise which would give the Depressed and Working classes opportunity of entering the Legislatures through the general electorate.

The majority recommend the revision of the Meston settlement as soon as a favourable opportunity occurs; while the minority consider that a revision had better take place along with the general revision of the Constitution. The majority recommend (1) that the Finance Member should not be in charge of any of the main spending departments, (2) that Ministers should be allowed to have Financial Advisers; (3) that the Devolution Rules should definitely provide that any revenues that may become available during the course of the year should be distributed between the reserved and the transferred departments; (4) that members and Ministers should be given enhanced powers of re-appropriation; (5) that provincial balances, if feasible should be separated from Central balances and audit from accounts; (6) that the existing provision regarding borrowing power should be extended to include, for example expenditure on the financing of industries by private persons.

The majority Report recommends that any action necessary for the protection of the Public Services in the exercise of their functions, of the enjoyments of their rights and privileges should be taken; that control of the Services in the transferred field should be vested in a Public Service Commission; that the rules for recruitment should provide with due regard to efficiency, that all communities should receive representation in the Public Services, if it can be obtained from among persons who have passed the prescribed efficiency bar. The minority recommend that the control of the Public Services Commission be vested in the Government of India. The minority oppose in principle the official block in the Councils; consider the

abolition of communal representation at present impossible; oppose the nomination of members except for specific minorities; urge the formulation of a definite scheme of Indianisation of the Army; and propose the limitation of the certification powers of the Governor General by the omission of the words " or interests " from section 67 B.

APPENDIX V.

Statement by His Excellency the Governor General of the reasons which moved him to promulgate the Bengal Criminal Law Amendment Ordinance of 1924.

1. It is a matter of common knowledge that a revolutionary conspiracy existed during the years 1912-1917, which has left the most poignant memories of the misery and terror it created throughout Bengal. All other methods of dealing with this conspiracy having been tried without avail, it was not suppressed until its leaders were confined under the provisions of Regulation III of 1818, and many of its subordinate members dealt with under the Defence of India Act. After the Royal Proclamation of 1919, most of these persons were released. Many forsook their connection with revolutionary crime and have not since returned to it. To the remainder, who have since showed themselves to be irreconcilable, the amnesty was, after the institution of the reformed system of Government, gradually extended, in the hope that under a new political era they would recognise the duties and the advantages of good citizenship. This hope has not been realised. The majority of these still retained their faith in the efficacy of violence and assassination as political weapons. They speedily returned to their old methods and reorganised their old associations, taking care only to avoid the mistakes to which they attributed their previous failure. During the years 1920 to 1922 they carried on their activities under the cloak of the political movements then in progress, recruiting their followers and perfecting their organisation with a view to future action when opportunity offered.

2. Towards the end of 1922 the leaders of these conspiracies, believing that their objects would not be attained by the methods of the non-co-operation movement, decided to revert to methods of violence. The two main terrorist organisations had now been resuscitated; new members in large numbers were recruited; arms and ammunition, partly of a kind which cannot be obtained in India, and must therefore have been smuggled from abroad, were collected; a new and highly dangerous type of bomb was manufactured; and projects of assassination against certain police officers and other persons were devised. The movements of these officers and their residences were watched and those who watched, being themselves placed under observation, were traced to places known to be haunts of the conspirators.

3. During the year 1923, a series of outrages was perpetrated, including a dacoity with double murder at Kona near Howrah and the looting of the Ultadingi Post Office in May, a robbery with murder in July, the Sankaritolla murder and others which I need not specify. In January of the present year

Mr. Day was murdered in Calcutta and an attempt was made to murder Mr. Bruce in April, in both cases as it appears, in mistake for a prominent and distinguished police official. In March a bomb factory was discovered, and other activities directed to the manufacture of bombs and the illicit collection of arms were detected. It is known that other crimes were planned and that projects of assassination continued and still continue to be devised. I say nothing of other deplorable events which are now under judicial investigation. Evidence has been placed before me which shows to my satisfaction that the movement is deepseated and dangerous. It is impossible for obvious reasons to divulge much of the information available to Government but it confirms in every respect the view I have been forced to accept.

4. Though the situation during 1923 was grave, I was reluctant to invoke the powers conferred upon me by the Government of India Act, until I was fully persuaded that all other means for dealing with the emergency had been exhausted. My Government accordingly authorised the confinement of certain leaders of the criminal associations under the provisions of Regulation III of 1818. The movement was temporarily checked, but new leaders were found and operations were resumed, as is apparent from the dark record of crime in the present year. I have therefore come to the conclusion, after the fullest consultation with the local Government, that it is necessary to arm the Government of Bengal with special powers to deal with preparations for crime, with the object of protecting not only the officers of Government, whose lives are threatened, but equally private citizens, who have frequently been the innocent sufferers from such outrages, and the misguided youths who are its tools and often themselves its victims. I am convinced that preparations and plans for criminal outrages are now so dangerously developed that it is necessary to provide immediate safeguards by an Ordinance. Permanent measures to remedy the situation will in due course be presented by the local Government.

5. The Ordinance is directed solely to these ends and will in no way touch or affect the interests or liberties of any citizens, whether engaged in private or public affairs, so long as they do not connect themselves with violent criminal methods. The fundamental duty of Government is to preserve public security on which political advance and all the functions of a civilized social organism depend. And, as it is manifest that sound and permanent political progress cannot be accelerated by violence or threat of violence, so also I deem it my duty and the duty of my Government to see that no violence or threat of violence shall operate to retard it. I and my Government will therefore proceed as we are doing along the line of political development laid down in the declared policy of Parliament reaffirmed by His Majesty's Government. Acting with these objects and these intentions, I believe myself and my Government to be entitled to the support and co-operation of all those who have truly at heart the peace, the prosperity and the political future of India.

READING,

Viceroy and Governor General.

APPENDIX VI.

GOVERNMENT OF BENGAL.

POLITICAL DEPARTMENT.

Resolution No. 10850-P.—The 25th October 1924.

The Governor in Council desires to take the earliest opportunity of explaining, as far as is possible at the present stage, the reasons which have led him to ask the Governor-General to promulgate an Ordinance to supplement the ordinary criminal law in Bengal.

It is a matter of common knowledge that a revolutionary conspiracy existed during the years 1908 to 1917. The revolutionaries themselves no longer attempt to conceal the fact and have described the movement in books and in articles in the public Press. The object of that conspiracy was to overturn by violent means the Government established by law in India. The leaders sought to achieve this object by the spread of revolutionary ideas and the collection of arms, with a view to rising in rebellion when the time was ripe. The means adopted were the preaching of race hatred and of revolution as a religious duty and the organisation of disciplined secret societies. Funds for this purpose were obtained by robberies with violence, and immunity for the criminals was sought by intimidation. Everyone who hampered the movement or contributed to the punishment of the criminals was threatened with assassination, many Government officials were actually murdered and a reign of terror was gradually established in Bengal. All ordinary methods of dealing with crime failed to check the movement; the leaders have freely boasted, in the books they have since written, of the powerlessness of Government to deal with their conspiracy by means of the ordinary law and Bengal was only rescued in the end from the tyranny of this band of murderers by the use of Regulation III of 1818 and the powers which the Government obtained under the Defence of India Act. The conspiracy was effectively crushed by these means and, if the powers had been retained by Government, it could never have been revived.

After the Royal Proclamation of 1919, all persons who were still interned were released. Many of those who were dealt with under the Defence of India Act subsequently abandoned the idea of violent revolution. The amnesty was gradually extended to the comparatively small group of irreconcilables, the leaders of the movement, who had been detained in jail. It was hoped that the opportunities for political advance offered by the Reforms would change their attitude towards Government, but these hopes have not been realised. These men still believe that none but violent means can accomplish their object, and they are convinced that the fact that any concession was made at all was solely due to fear caused by their terrorist movement. As soon as they were released they began to reorganise their societies and to work secretly on the old lines, though they took advantage of the experience which they had gained to avoid the mistakes to which they attributed their previous

failure. Two facts may be noticed at this point. The first is that the revival of the terrorist conspiracy was encouraged by the belief that Government could no longer deal with it effectively. The second is that though from the very nature of the conspiracy with which they are confronted, the Government are unable to take the public as fully into their confidence as they would wish regarding its existence and its intentions, since secret organisations which employ the weapons of assassination and terrorism have necessarily to be dealt with by secret methods, yet they have throughout had information, which has been tested and proved reliable, of the movements and activities of the leaders of the terrorist party and are now satisfied that it would be highly dangerous to allow the movement to remain unchecked any longer.

The terrorist leaders who had constantly preached violence as the only road to independence naturally had no faith in non-violent non-co-operation. They realised, however, that the policy of non-violence had been generally accepted and during the years 1920 and 1921 they were content to stand by and watch events, whilst using any form of organisation in order to extend their influence with a view to future action. Later, endeavours were made to organise *asrams* on lines similar to those which played so important a part in former movements. Leading members of the two main organisations have been very active in propaganda work and in recruiting new members, particularly from the student class. Every cause of unrest was exploited and every centre of agitation utilised for the dissemination of terrorism and the capture of new recruits. Recent events at Tarakeswar, which attracted from all parts of Bengal impressionable youths in a high state of excitement, afford the latest example of how an agitation wholly unconnected with the terrorist movement was utilised by the leaders of that movement to swell their numbers.

The conspirators are also known to have manufactured a new and highly dangerous type of bomb and to have secured considerable quantities of arms and ammunition. These weapons have been used in some of the outrages which have occurred during the past two years, and it is significant that the ammunition used on several occasions was of a foreign make which cannot be obtained lawfully in India.

The events of the last two years may be dealt with in greater detail. In May 1923 one section of the terrorist party, which had recently been conspiring to assassinate police officers, especially Mr. Tegart, who had recently returned to India as Commissioner of Police, embarked upon a campaign of dacoity and murder, partly in order to secure funds but partly also in order to accustom their men to violent action and to terrorise any who might be inclined to oppose them. They first committed a dacoity with double mudrer at Kona near Howrah; in the same month the Ultadingi post office was looted. The same gang committed the robbery with murder at Garpar Road on the 30th July in which firearms were again used. The murder of the Sankaritola postmaster followed. The investigations into this case resulted in full corroboration of the information already in the possession of Government and proved conclusively that these outrages were all the work of a particular group of the party.

Seven members of this group were put on trial in the Alipore conspiracy case, but many of the facts in the possession of Government could not be placed before the Court and they were eventually acquitted. Some of the accused who had not previously admitted their guilt stated subsequently that they had taken part in these outrages and that the immediate object of the conspiracy was the assassination of police officers—a conspiracy which was continued even whilst they were in jail as under-trial prisoners.

The situation after these outrages had been committed was serious. The lives of the officers of Government were in imminent danger and it was clear that, unless immediate action was taken, terrorism and crime would spread and Bengal would be again exposed to the dangers and horrors of the previous outbreak of violent revolutionary crime. Several of the chief leaders were accordingly incarcerated under Regulation III of 1818. This action came as a surprise and checked the movement for the time being, but not for long. New leaders were found and operations were resumed. In December a robbery of Rs. 17,000, the property of the Assam-Bengal Railway, was committed at Chittagong by four *bhadrolok* youths armed with revolvers. Subsequent police investigations showed that certain *bhadralok* youths were hiding in suspicious circumstances in a house in a village at some distance from Chittagong. The search of this house ten days after the robbery led to the discovery of a number of weapons and ammunition which included cartridges of the foreign type mentioned above. The attempt to arrest the occupants of the house led to a running fight between them and a body of police and villagers and to the arrest of two youths with firearms in their possession. An attempt was made to decoy from his house one of the chief witnesses in the robbery case with the obvious intention of murdering him; and on the next evening a Sub-Inspector who had arrested one of the accused in this case and knew the other members of the gang by sight was shot at Chittagong.

It has been mentioned above that the assassination of certain police officers had long been contemplated by the terrorist party and that some of the persons who were acquitted in the Alipore conspiracy case stated that this was the immediate object of the conspiracy. In the early part of 1923 persons were found to be watching the movements of these officers and their residences. These watchers were themselves placed under observation and traced to places which were known to be haunts of the conspirators.

In January 1924 Mr. Day was murdered in Calcutta by Gopi Mohan Saha in mistake for Mr. Tegart, and in April Mr. Bruce was fired at in Harrison Road in circumstances which suggest that this was a similar case of mistaken identity. The ammunition used in the murder of Mr. Day and in the Chittagong murder was also of the foreign type already referred to.

In March a bomb factory was discovered in Calcutta fully equipped with explosives and implements for loading and fitting bomb-shells, of which a number, both loaded and unloaded, were found. This discovery showed not only the existence of an efficient organisation but also a high degree of scientific knowledge, since the bombs used marked a distinct advance on anything which had previously come to light, being modelled on the Mills bomb and loaded with ammonium picrate. Police investigation into this case led to the discovery of

one of the Mauser pistols stolen from Messrs. Rodda & Co. in 1914 and also a revolver and ammunition. About the same time a young *bhadralok* was severely injured whilst handling explosives at Faridpur. In May three youths were seen to reconnoitre a building occupied by police officers in circumstances which pointed strongly to an intention to throw a bomb. In July a well-known member of the party was arrested in the streets of Calcutta with a fully loaded revolver in his possession, for which offence he was convicted by the Chief Presidency Magistrate.

At the end of July the public were startled by the appearance of the "Red Bengal" leaflets, the first issue of which announced the initiation of a campaign of assassination of police officers, and warned the public that any one interfering would meet the same fate. The second issue, which appeared shortly afterwards, impressed on the political leaders of Bengal the necessity for the existence of an active violence party and indicated that this party had come to stay. Government are now in a position definitely to state that these leaflets were printed in Calcutta and were issued by a certain section of this party of violence. Terrorist literature of this type, so familiar in the campaign of 1914—18, exercises a most baneful effect on the minds of the student community, while the publication and wide distribution to carefully selected persons simultaneously throughout the province is indicative by itself of the existence of a widespread organisation behind it. Among a large number of persons to whom the leaflets were sent were a Magistrate who held the identification parade in the Alipore conspiracy case, a witness in the case against Gopi Mohan Saha, and the Judge who tried and the Standing Counsel who prosecuted in the bomb case.

On the night of the 22nd of August a bomb of the same type as those referred to above was hurled into a *khaddar* shop at 25, Mirzapur Street, Calcutta. The bomb exploded and killed on the spot one man in the shop and severely wounded another. The third occupant of the shop, Sisir Kumar Ghosh, who was dealt with under Regulation III of 1818 in connection with the revolutionary campaign of 1914—18, jumped out of the shop in pursuit of an individual who, he stated, actually threw the bomb. This man, Basanta Kumar Dhenki, was captured. Another arrest was also made on the spot at the time of a youth named Santi Lal Chakrabartti. They were both placed on their trial at the last High Court Sessions. Santi Lal was unanimously acquitted by the verdict of the jury and was discharged. Basanta Kumar Dhenki, who was found not guilty by a divided verdict of 7 to 2 and 8 to 1 on two different charges, was remanded in custody for re-trial by the presiding Judge, who disagreed with the verdict of the jury. Santi Lal was released from the Sessions Court on the 29th of September. His dead body was found shockingly mutilated between Dum Dum and Belgharia on the early morning of the 3rd October.

The above is a very brief outline of the outward manifestation of the existence of a violent conspiracy as disclosed by overt acts which are already public property, but apart from these specific cases, Government are in possession of information, which has come from various sources and from different parts of the province, which shows that during the course of the current year

the conspirators have, in addition, attempted to assassinate police officers, high Government officials, and members of their own organisations whom they suspect of giving information to the authorities. No less than five such attempts are known to have been made during and subsequent to July last. The fact that the intended victims escaped death at the hands of miscreants, who set forth armed with bombs and pistols to murder them, can only be attributed to Providence. In some cases the assassins suspected police vigilance, in others they were thwarted by the unexpected movements of their intended victims. It is impossible, in view of the confidential nature of this information, to make public precise details of these particular plots, but the information regarding them is being continually confirmed by subsequent events and from other sources.

A brief reference may here be made to the campaign in the Press and on public platforms, which has proved so effective an agency in assisting the party to perfect their organisation and increase their numbers. This campaign started in 1922 and has grown in intensity. The eulogy of old revolutionaries, the idealising of youths who committed murders and other crimes, and the publication of their biographies, have all been resorted to with the obvious intention of inciting the youth of Bengal to follow their example. Articles still appear daily in the Indian Press fomenting racial hatred and verging as near to incitements to violence as the law admits.

As the foregoing facts show, the situation has become increasingly serious during the past two years. In June last the terrorist campaign was given a great impetus by the resolution of the Bengal Provincial Conference which expressed admiration for the spirit of self-sacrifice exhibited by Gopi Mohan Saha. The effects of the resolution were electrical; it is by far the most potent recruiting instrument which has ever been placed in the hands of the organisers of violent crime and has been a continual incitement to the youth of Bengal to take to violent ways.

At present then there is in Bengal a large criminal association secretly organised and equipped for a campaign, the immediate object of which is to paralyse Government by the assassination of their officers. The existence of this association is now admitted in all quarters and its magnitude was strikingly emphasised by Mr. C. R. Das in a recent interview with the Press. It is daily increasing in strength and, as in the years before 1915, ordinary measures have failed to check it. The situation has become so serious that the Governor in Council is forced to ask that he may be armed with the extraordinary powers which will alone enable him to deal with it effectively. He has therefore decided to summon the Legislative Council without delay to consider measures of legislation which will be placed before it to that end. This legislation will follow the lines of the Defence of India Act and Rules which proved effective in crushing the conspiracy of 1914—18 which had the same aims, the same methods, and largely the same leaders as the conspiracy of to-day. It was the unanimous opinion of all who examined the question that it is impossible to deal with terrorist crime under the ordinary law or through the ordinary Courts, and that the powers given by the Defence of India Act and Rules

proved an effective weapon, whilst no other powers have ever been suggested as really effective. Regulation III of 1818 is not well adapted to deal with the situation; it can be used to deal with irreconcilable leaders, but is unnecessarily harsh for dealing with the rank and file of the conspiracy, among whom are men who may become leaders, potential assassins and recruits, who must be dealt with if the movement is to be checked but can be dealt with by the milder method of internment. Had Government possessed those powers earlier, they would have used them against the murderers of the Sankaritola postmaster and Mr. Day, both of whom were known before the murders were committed as recent recruits of the conspiracy, and would thus not only have averted the outrages, but prevented these youths from becoming active criminals. The legislation will further provide for a special procedure for trying persons accused of violent crime. Terrorism of witnesses and juries, failure of juries through fear to return verdicts in accordance with the evidence, the murder of witnesses and persons who have confessed or turned King's evidence, the fear of witnesses to disclose facts within their knowledge—all combine to render justice unobtainable under the existing law. These have already operated in more than one recent case.

The legislation will not give Government any extraordinary powers to deal with sedition, with industrial movements or with communal disturbances, even though they may menace the maintenance of order; cases of this kind will be left to the ordinary Courts. It is aimed solely at the secret criminal conspiracy, which has terrorism as its object or method. The Governor in Council is convinced that the large majority of the members view terrorist conspiracy with the same abhorrence as he himself. The necessity for dealing with this terrorist movement swiftly and effectively, so as to ensure the arrest of the most dangerous conspirators without giving them warning which would enable them to carry on and direct the conspiracy whilst in hiding, has compelled the Governor in Council to ask the Governor-General to promulgate an Ordinance on the lines which the Bill will follow.

The Governor in Council regrets that he has been forced by circumstances to have recourse to these extraordinary measures, which are repugnant to him, but in the situation with which he was confronted he had no alternative. All political parties in India have condemned violence as a means of political advance and Government look to every true well-wisher of his country to support them in every measure necessary to suppress anarchy and terrorism. The evils attendant on the former conspiracy, the misery that was caused uselessly, the contamination of youth that resulted, are fresh in their memory, and Government feel assured that the people of Bengal can regard with nothing but horror the possibility of a recurrence of similar calamities.

By order of the Governor in Council,

A. N. MOBERLY,
Chief Secretary
to the Government of Bengal.

The 25th October 1924.

APPENDIX VII.

Sir Basil Blackett's statement of the Debt position.

I devoted a considerable portion of my last year's speech to an analysis of our Public Debt and a sketch of a programme for systematising our provision for Reduction and Avoidance of Debt. As the subject of our Public Debt was discussed at considerable length in this House on February the 17th, there is no need to-day to repeat at length the statement which I then made to the House. It will, however, be convenient I think to include in this speech some of the more important figures. They show some slight variations from the figures previously given being based in certain cases on later information.

Statement showing the Debt of India outstanding on the 31st March 1914, the 31st March 1924 and the 31st March 1925.

(Figures in crores of rupees.)

	31st March 1914.	31st March 1924.	31st March 1925.
In India :			
Loans	145·69	358·81	370·18
Treasury Bills in the hands of the public.	..	2·12	..
Treasury Bills in the Paper Currency Reserve.	..	49·65	49·65
Other obligations—			
Post Office Savings Banks	23·17	24·79	25 92
Cash Certificates	..	8·42	13 02
Provident Funds, etc.	10·93	39·20	43·16
Total Loans, etc.	145·69	410·58	419·23
Total other obligations	34·10	72 41	82·10
Total in India	179·79	482·99	501·93
In England (at Rs. 15 to the £):			
Loans	265 60	366·80	395 33
War Contribution	..	28·90	28·.0
Capital value of liabilities undergoing redemption by way of terminable railway annuities.	105·90 (=£70,600,893)	90·14 (=£60,095,487)	88·25 (=£58,836,487)
Total in England	371·50	485 84	511·78
Total Debt	551·29	968·83	1,013·71

The above figures include the debt due by the Provincial Governments to the Government of India amounting to 97·56 crores on the 31st March 1924 and 106·95 crores on the 31st March 1925. The productive debt was 673·59 crores on the 31st March 1924 and will be 725·15 crores on the 31st March 1925. The unproductive debt was 295·24 crores on the 31st March 1924 and will be 288·56 crores on the 31st March 1925. Exclusive of Provincial Governments' debt, which may also be regarded as almost entirely productive, the increase in the productive debt during the current financial year amounts to 42·17 crores. It is almost entirely accounted for by capital expenditure on Railway development and includes not only the new capital expended during the year, but also the amount of £18½ millions of the East Indian Railway Company's debentures taken over by the Government of India on the termination of the Company's contract. This latter figure, while it represents an addition to the direct obligations of the Government, does not of course represent any addition to the indebtedness of India as a whole, being merely a transfer from the Railway Company to the Government of the liability to meet the same interest charge out of the earnings of the same Railway. Unproductive debt decreased during 1924-25 by 6·68 crores, but the real decrease was larger since to the extent of 1¼ crores the nominal total of the debt has been increased by the conversion of 7 per cent. Government of India sterling loan into 3 per cent. stock, a conversion which, while doubling the nominal amount, has the effcet of reducing the interest charge on the nominal total from 7 per cent. to 3 per cent. and represents an annual saving in interest.

Our internal debt (again excluding Provincial Governments' debts to the Government of India) on the 31st March 1924 was 385·43 crores and on the 31st March 1925 will be 394·98 crores. Our external debt was 485·84 crores on the 31st March 1924 and 511·78 crores on the 31st March 1925. (For the purposes of calculation of our external debt I convert sterling at Rs. 15 to the £ in order to facilitate comparison with previous years. I may, however, add that at the present rate of exchange of 18*d.* the external debt amounts only to 454·92 crores). The increase in our external debt is, however, purely nominal and the explanation of it is the same as that already given in another connection, namely, that the later figure includes 27·75 crores or £18½ millions of East Indian Railway Company's debentures which are not really an increase in the debt of India at all, while a further 1¼ crores represent the increase due to conversion of the 7 per cent. loan into 3 per cent. stock. Apart from these nominal changes, we have reduced our external debt during 1924-25 by nearly £2¼ millions.

Provision for Reduction or Avoidance of Debt.

The method which I outlined last year for the regularisation of the provision for the reduction or avoidance of debt has been adopted substantially in the form then proposed in the scheme recently announced by the Government of India. The scheme is fully explained in the Government of India Resolution dated the 9th December 1924. Under that scheme, for a period of five years in the first instance, the annual provision for reduc-

tion or avoidance of debt to be charged against annual revenues is fixed at 4 crores a year *plus* $\frac{1}{80}$th of the excess of the debt outstanding at the end of each year over that outstanding on the 31st March 1923. The provision required under this arrangement for 1925-26 is 4·78 crores, the increase being due partly to the considerable addition to our Permanent Debt as a Government involved in the taking over of £18¼ millions of the debenture stock of the East Indian Railway. When it is remembered that the gross amount of the debt owed by the Government of India to its various creditors exceeds 1,000 crores of rupees, a provision of 4·78 crores cannot be regarded as other than modest, amounting as it does to less than half of 1 per cent. of the gross amount. This figure of 4·78 crores campares with the provision of 4·52 crores in the original estimates for 1923-24 which was not based on any regular programme but represented the aggregate amount of the specific sinking funds then in operation for specific loans. There is a further item which appears under the same head for 1924-25 and for 1925-26, namely, the equivalent of the amount of Customs duty on capital stores imported for State-managed Railway lines. Such Customs duty represents an addition to our revenue arrived at by an addition to our Capital expenditure and as explained in my Budget speech last year we have earmarked it as a special contribution from Revenue to Capital.

In view of the debate which took place on this subject a fortnight ago I need not enlarge again on the importance of a regular and systematised provision being made in our annual Budget for reduction or avoidance of debt. The most extravagant thing a Government with large commitments and a big programme of new borrowing can do is to provide an insufficient sinking fund. Any apparent saving that may be effected in the Budget for one year by a reduction of the amount provided will be more than offset in the next year or two by the additional interest that will have to be paid on new loans including conversions. We have a large volume of short-term bonds maturing during the next decade, and arrangements have to be made for re-borrowing the amounts which fall due. We have also a heavy programme of new capital expenditure which we have to finance mainly out of borrowed funds. It is essential that we should maintain our credit both internally and externally unimpaired, if we are to carry through successfully the business of renewing maturing debt and raising the new capital which we require. Our provision for reduction or avoidance of debt assists us in this task in two ways, for it not only reduces the amount that we have to borrow, but it also gives confidence to our creditors and to those whom we may want to induce to become our creditors in the security which we have to offer them, and thereby serves to keep down the rate of interest on our new borrowings. Nor must the value of such a provision as an emergency reserve be overlooked. I have received evidence from many quarters to the effect that the regularisation of our provision for reduction or avoidance of debt has greatly strengthened the confidence of investors both inside and outside India in the soundness of India's financial position and methods, and in the desirability of her Government loans as investments for their savings.

Provincial Loans Fund.

Before I pass to the figures for the year 1925-26, let me mention one further innovation in our Public Debt policy which, though not at the moment ripe for introduction, is so far advanced that I have every hope of its introduction as from the beginning of the new financial year. I refer to the proposal for the establishment of a Provincial Loans Fund which has already been twice discussed at the conferences of Finance Members held in Delhi in November 1923 and November 1924. The purpose of this proposal is to systematise the arrangements by which advances are made by the Central Government to Provincial Governments. A central Fund is to be established financed for the present out of Central Government moneys, out of which all advances granted by the Government of India to Provincial Governments will be made—the charges for interest and the terms on which the advances granted for various purposes are to be repaid being fixed for all Provinces alike at such rates as will keep the Fund solvent. Hitherto advances have been made direct to the Provincial Governments out of the balances of the Central Government and the terms and conditions including the rate of interest and the period of amortisation have been dealt with piecemeal and special orders have been passed by the Government of India on each occasion as it arose.

There is, I am sure, much to be gained by the recognition of definite principles regulating such borrowings. The arrangements proposed are now under the final consideration of Local Governments all of whom have accepted the proposals in principle. They are of a simple character in themselves, but besides emphasising general principles, the scheme contains within itself the germs of development, and I look forward to the day when the Fund may be administered by an Indian body corresponding to the National Debt Commissioners or the Public Works Loan Commissioners in England, and the money required for advances from the Fund raised in the open market by the controlling body on the security of the assets of the Fund. It is too early yet to say when such a development, though it may already be foreseen, will materialise. I am confident, however, that considerable benefits will accrue to the finances of India when the day comes on which the advances made by the Central Government to the Provincial Governments will be excluded from the Public Debt of the Government of India in the same way as advances made on the guarantee of the British Treasury to public bodies in the United Kingdom are excluded from the British Public Debt. Not only these advances to the Provincial Governments but also the Railway debt of the Government of India may ultimately be separated from the ordinary debt, and raised, subject perhaps to a Government of India guarantee, not on the general credit of the revenues of India but on the security of the assets of the Provincial Loans Fund and of the Railway undertakings of the State respectively. The true facts regarding the Public Debt of India would be less obscure than they are to-day, and the facilities for raising new capital would be widened, if so large a portion of the money required for capital development of all kinds in India had not to be raised by a single borrower, namely, the Government of India, on the sole security of the revenues of India.

APPENDIX VIII.

Speech of the Railway Member introducing the Railway Budget for 1925-26.

PROCEDURE.

This is an important occasion for we are inaugurating to-day the new budget procedure which the separation of our railway finance from general finance has rendered possible. Under the convention to which the House agreed last September, the Railway contribution to the general revenues of the country is in great part a known figure. That is why I am to-day introducing the Railway Budget in advance of the General budget. I can do so without giving away any of those secrets which my Hon'ble Colleague on my right guards so jealously. And in the matter of procedure alone, I hope that the House will agree with me that we get solid advantages from the new procedure. In the first place, I would beg the House to observe that the budget itself is not a mere departmental compilation. The Railway Finance Committee, a Commitee elected by this House and containing only one official member, has examined the budget in detail and has approved generally of it. I take this opportunity of thanking them for their labours. As the House will see from the printed proceedings of the Committee which are being circulated we worked them very hard, and Mr. Sim, their Chairman, tells me that he derived the greatest benefit from their advice and criticism. This year I am afraid that we had to rush them a little. We could not help ourselves, for we ourselves had to work very hard in order to get the budget in its new form ready in time, but in future years I hope we may be able to spread their budget work over a longer period. Again, Sir, another advantage that we derive from the new procedure is that we are able to give the House more time to consider the Railway Budget. A separate day is being given for a general discussion of the Budget, and the House will have four days next week to consider the Railway demands for Grants. This allowance may strike the House as insufficient for a budget which deals with an expenditure amounting to some 90 crores of rupees. But at any rate, it is an improvement on the procedure last year, when six days were set aside for all the demands of the Government of India including railways. And finally, Sir, we have attempted to place the budget before the Assembly in a form which not only gives more information about our Railway finances, but which will facilitate discussion. Last year there were merely two Railway votes—one for capital and one for revenue. This year we have split the budget into 15 votes. Two of them relate to strategic lines. The other thirteen relate to commercial lines. In addition to the general budget memorandum, we are circulating separate notes on each demand, and we are also circulating separate statements regarding each and every railway that comes into our budget. These statements give for each Railway the revised estimate for

1924-25 and the budget estimate for 1925-26. And to each statement an explanatory memorandum is attached. It discusses how the Railway has done this year, what its prospects for next year are, what its programme for development and betterment is, and what expenditure we propose from the Depreciation Fund. We hope, that by putting the budget up in this form we shall enable the House to keep an intelligent watch not only on the development of the Indian Railway system as a whole, but on each Railway, and I hope also that the amount of information we are giving to the House will clear away the last vestige of that suspicion which, I think, lurked in the minds of some Hon'ble Members last September that the object of the separation of Railway finance was to weaken the control of the Assembly over our budget.

Before I leave the question of procedure, I should like to add two remarks. The first is this. We do not regard the form in which we are putting up the budget this year as the last word on the subject of the best way of presenting the Railway budget to the House. As I have already explained, we were working against time, and we had to devise our own form. But we are quite open to suggestions for improvement, and if any suggestions are made either in the House or by the Railway Finance Committee, they will be most carefully considered before the time of the next budget. My other remark is in the nature of an appeal. We are circulating with the budget papers a statement which shows exactly what activities of the Railway Department each vote covers. We have done that, Sir, in order to let Hon'ble Members who wish to bring up any particular subject for discussion know under what vote that subject can most appropriately be discussed. I hope that Hon'ble Members will carefully study the statement in order that our debates may proceed in an orderly and useful manner, and may I also express the hope that when Hon'ble Members put down motions for reductions, they will add a few words to explain exactly what point they wish to raise. I ask them to do this in their own interests as well as in the interests of the Government. For if we know beforehand exactly what subject each motion is intended to bring up, we shall come better prepared to give the information which the Hon'ble Member wants.

I come now to the budget estimates. They are explained in the budget memorandum and I propose only to deal with the more important figures. My idea is indeed to make to the House more or less the sort of speech which the Chairman of a Board of Directors would make to the shareholders of a Company. For I think that it might fairly be said that this is the position at which eventually we hope to arrive.

Revised Estimate for 1924-25.

Revenue.

I take first the revised revenue estimate for the current year. It is still only an estimate of course, but it is the best estimate we could make in the light of the latest figures available when we prepared the budget. I will

begin by giving the figures in barest outline. We place our revised estimate of gross receipts, that is gross traffic receipts *plus* our share of the profits of subsidized Companies *plus* miscellaneous receipts at 98·01 crores. The figures of course are for commercial lines only. Our revised estimate of our total charges, that is, working expenses *plus* surplus profits paid to Indian States and Railway Companies *plus* interest charges *plus* miscellaneous charges, amounts to 86·77 crores. We hope therefore that the gain from commercial lines during the current year will amount to 11·25 crores.

Comments on Revised Estimate.

Before I proceed to deal with the effect of these figures upon our contribution to general revenues in the current year, I should like to make one or two comments on these figures. Our gross receipts, if we realise them, will be nearly·5 crores better than the gross receipts of last year and more than 2½ crores better than our budget estimate. But I have little to say about them. For the most part, the betterment is due to causes beyond our control, namely, good crops and improving trade. Had it not been for the disastrous floods both in North and in South India, our gross receipts would have been better still. Our expenditure figures are more interesting. If we exclude interest charges, surplus profits due to Indian States and Railway Companies and miscellaneous charges, we expect our working expenses in the current year to be 62 crores against 59·16 crores last year. But the figure 62 crores requires some explanation. To begin with, it has been decreased by a windfall of 1¼ crores. This sum represents a refund to revenue of customs duties paid on stores imported during recent years by Company Railways which according to a recent Privy Council decision they ought not to have paid. If we disregard this windfall, our working expenses this year will amount to 63·25 crores or 4 crores more than last year. But the figures are still misleading. Last year we had no depreciation fund and we charged to revenue only our actual expenditure on renewals and replacements. In the current year, we charge to revenue our gross appropriations to the Depreciation Fund, namely, 10 crores and not merely our estimated actual expenditure from the fund, namely, 805 lakhs. In order to compare our working expenses this year with those of last, we should deduct 195 lakhs from the figure 63·25 crores I have just given the House. If we compare the figures in this way, it means that this year we have spent 61·30 crores in order to earn 98 crores. Last year we spent 59·16 crores in order to earn 93·18 crores. In other words, though we have earned nearly 5 crores more, we have spent only 214 lakhs more. It is true that the rise in exchange has helped us to the extent of some 25 lakhs, but even so, the figures are, I think, very satisfactory and reflect great credit on the Railway Board and on the Railway Administrations. The House will remember that the Inchcape Committee set before us the standard that we should aim at earning 5½ per cent. on our capital at charge. If our revised estimates prove correct, we shall have earned on commercial lines on the capital invested by Government 5·46 per cent.

Contribution for 1924-25.

According to the convention agreed to by the Assembly last September, Central Revenues are entitled to receive from the Railways a contribution equal to 1 per cent. of the capital at charge in the penultimate year *plus* $\frac{1}{6}$ of the surplus profits in that year. The Assembly also stipulated that if after payment of the contribution so fixed the amount available for transfer to Railway Reserves should exceed 3 crores $\frac{1}{3}$ of the excess over 3 crores should be paid to general revenues. I proceed now to inform the House how much we expect to contribute this year to general revenues. The House will remember that it was especially arranged that the contribution for the current year should be based not on the figures of 1922-23 (a year in which the profit from Railways was very small) but on those of 1923-24, and that what I may call the fixed contribution for 1924-25 should be repeated in 1925-26. This fixed contribution calculated at 1 per cent. of the capital at charge in 1923-24 *plus* $\frac{1}{6}$ of the surplus profit of that year amounts to 630 lakhs odd. That represents what I may call our fixed contribution for 1924-25 and 1925-26 to general revenues. General revenues have, however, to meet the loss on strategic lines and that loss is taken for purposes of convenience as an offset against the amount due from commercial lines to general revenues. In 1923-24 this loss amounted to 121 lakhs. Therefore the net contribution payable to general revenues in 1924-25 and 1925-26 is 509½ lakhs. But though for convenience sake we pay a net contribution of 509½ lakhs, I would beg the House to observe that they are taking from us under the convention 630 lakhs. Now I mentioned just now that we anticipated that our gain from commercial lines during the current year would be 1,125 lakhs. But the estimated loss this year on strategic lines is 151 lakhs. The net gain therefore is 974 lakhs. From this amount we deduct the net contribution of 509½ lakhs and this leaves a balance of 465 lakhs. This is the amount for disposal. The excess over 3 crores is 165 lakhs. One-third of this or 55 lakhs has to be paid to general revenues and 410 lakhs go to our Railway reserves. The general taxpayer therefore gets a net payment from Railways of 564 lakhs or more than a crore more than Sir Basil Blackett budgeted for, and we get 410 lakhs into our reserve fund. But I would again emphasise that what the general taxpayer is really taking from commercial lines is not 564 lakhs but 685 lakhs.

BUDGET ESTIMATE FOR 1925-26.

Revenue.

I pass on to the budget estimate for 1925-26, and as in the case of the revised estimate for this year, I will first give a summary of the revenue figures. We are budgeting for gross receipts of 101 crores and for a gross expenditure of 91 crores. If the estimates prove correct, there will be a gain from commercial lines of 10 crores of rupees.

Receipts.

Of course we cannot foresee what the year 1925-26 has in store for us. As I have said, Railway results are peculiarly dependent on the nature of the season and the state of trade, and no one can forecast whether or not next year's monsoon will be a good one or not. But for the moment the outlook is promising. It looks as if we might have a bumper wheat crop this year, and we may also hope to carry in the early months of 1925-26 a larger proportion of the cotton crop than usual. At any rate, this year's crop is reported to be bigger than that of last year, and so far less of it has come down to the Ports. Given, therefore, a normal monsoon and a fair state of trade, we hope that we shall top our figures of this year good though they were, and we are budgeting for gross receipts of 101 crores or three crores in excess of those of this year.

Expenditure.

As regards expenditure, I neglect for the moment such charges as interest charges and surplus profits paid to Indian States and Railway Companies and confine myself to working expenses proper. I have just explained that if we take no account of the windfall of customs duty, our working expenses this year are expected to amount to 63·25 crores. Next year we are budgeting for a figure of 65·79 crores or 2½ crores more. One reason for this excess is that we hope to make a beginning with a very important improvement, namely, the provision of automatic couplers, and we are providing 70 lakhs for that purpose. I may say that automatic couplers should result not only in great economy but also in a diminution of accidents among our staff. We are also setting aside 50 lakhs for speeding up repairs to rolling stock, and we are allotting 50 lakhs to meet the cost of the measures we are now taking to get rid of surplus and unserviceable stores. I should also mention that 26 lakhs have been provided in the budget for the cost of extending to officers of Company Railways the Lee Commission concessions with effect from 1st April last. We have thought it prudent to make this provision in the budget, but I must make it plain that it has not yet been decided whether these benefits should be conferred on the officers of Company Railways in whole or in part. It is a question which still has to be considered by the Government of India and the Secretary of State. If allowance be made for these additions to our expenditure, it will be seen that we hope to keep the direct cost of operation, if anything below this year's figures. Our interest charges, owing to the new capital charges we are incurring are likely to be some 82 lakhs higher in 1925-26, and as I have said, we are budgeting in all for total charges amounting to 91 crores of rupees.

Contribution for 1925-26.

I have explained how we have calculated the contribution for 1924-25, and I will not go into the details regarding the contribution for 1925-26. It is sufficient to say that we expect our net contribution for 1925-26 to be

524 lakhs or 40 lakhs less than the contribution for the current year. The reduction is accounted for by the increase in the net receipt of the current year of 125 lakhs due to the refund to revenue of customs duty. This figure, however, is the net contribution. The gross contribution from commercial lines will amount to 645 lakhs, and we expect to pay into our Railway Reserves 328 lakhs of rupees.

Railway Reserves.

If therefore our figures prove correct, we shall have in Railway Reserves at the end of 1925-26 a sum of 738 lakhs of rupees. Now under the terms of the convention these Railway Reserves are to be used (1) to secure the payment of the annual contribution to general revenues, (2) to provide if necessary for arrears of depreciation and for writing down and writing off capital and (3) to strengthen the financial position of Railways in order that the services rendered to the public may be improved and rates reduced. The House will no doubt want to know whether we propose to make any use of our reserves in 1925-26. The answer is no. In the first place, our anticipation that at the end of this year we shall be able to place 410 lakhs to Railway Reserves is only an anticipation. Until the actuals of the year are known, we shall not know exactly what sum we have at our disposal in the reserve fund. Still less can we say for certain whether we shall realise our hope that at the end of 1925-26 we shall be able to place another 328 lakhs to reserve. Our estimates for next year are based on a normal monsoon and a fair state of trade. If our hopes in this respect are falsified and if the monsoon is a bad one, we may be able to place nothing to reserves. In any case, we have to bear in mind that in 1926-27 we have to pay a contribution, based on the current year's working, of approximately 735 lakhs from commercial lines. This means that if in that year we make no profits, the whole of our estimated reserves will be absorbed in paying the contribution for that one year. The risk of exchange again has to be borne in mind. A drop in the exchange value of the rupee to 1*s.* 4*d.* would increase our revenue charges by 1¼ crores, and all things considered we are satisfied that the prudent course is to make no proposals this year for the utilisation of our reserve funds. After all, a reserve of 410 lakhs is less than 1 per cent. of our capital at charge, and it represents only a little more than 4 per cent. of our gross earnings in the current year.

Capital Budgvt, 1924-25.

So far I have dealt only with our revenue budget. I propose now to say a few words about our capital budget. For the current year the Legislative Assembly approved last March of a capital expenditure of 30 crores during the current year. Approximately 25 crores were for rehabilitation and improvement of existing lines and 5 crores were for new construction. The actual amount which it is expected to spend during the current year is only 12·85 crores resulting in a lapse of 17·15 crores. I am prepared to admit at once

that the figures are disappointing, but they are not quite so disappointing as they look. I have referred already to our windfall in the shape of a refund of customs duty. That windfall amounts in all to 280 lakhs. 125 lakhs goes to revenue. 155 lakhs goes towards reduction of the total capital at charge. We anticipate also that there will be a reduction in the capital locked up in stores amounting to 4 crores. That is to say, our total capital expenditure in the current year is likely to be 18·4 crores, or much the same as last year. Even so, the figures indicate a very considerable short spending, but as the causes of this short spending have been analysed at some length in the Administration Report for last year, I shall not weary the House by travelling over the ground again. I will merely say that we hope to effect a considerable improvement in this matter. Indeed as I shall show when I come to the capital budget for 1925-26, we are counting on this improvement manifesting itself next year.

Capital budget for 1925-26.

Agents have informed us that next year they will be able to spend on works approved by the Railway Board 32 crores of rupees. We attach great importance to the earliest possible completion of approved works. The sooner they are completed, the sooner they will begin to pay us a return on our investment. But in view of what I have just said, the House will not be surprised when I say that we regard the estimate of the Agents as optimistic and that we have some doubts whether they will be able to spend the full amount asked for. Instead of cutting down the demand, however, we have shown a probable saving of over 9 crores and we are asking the House to vote 6½ crores for new construction and 16·20 crores for open line works.

Open Line Works.

Of the amount asked for 23·7 crores are required for Open Line Works and rolling stock, involving, I may mention, a consequent provision of more than 11 crores from expenditure from the Depreciation Fund. The main purposes to which this money is being devoted are explained in the Budget Memorandum, but the House will, I think, be interested, if I mention just a few of them. We are providing in terms of 4-wheelers for 3,857 new goods wagons and for 822 new coaching vehicles, 755 of these latter being lower class vehicles. Apart from these additions and betterments to lower class carriages, which will cost us nearly 1½ crores, we are spending some 30 lakhs on amenities for 3rd class passengers in the shape of waiting sheds, refreshment rooms, booking facilities, water-supply arrangements and the like. Hon'ble Members will no doubt have read recently in the Press of the reopening of the electrified Harbour Branch of the Great Indian Peninsula Railway. That constitutes what I am sure will prove to be a landmark in Indian Railway history, for it is the first electric railway in India. We are providing 103 lakhs for the electrification of the Great Indian Peninsula suburban line and 77 lakhs for the electrification of the

Bombay, Baroda and Central India suburban line into Bombay. 18 important station yards are being remodelled in order to improve our Traffic service and to reduce delays to wagons in transit at a cost of nearly 3 crores. More than 3 crores are being spent in remodelling workshops, notably at Charbagh on the Oudh and Rohilkhand Railway, at Trichinopoly on the South India Railway, Dohad on the Bombay, Baroda and Central India Railway, and at Perambur on the Madras and Southern Mahratta Railway. 58 lakhs are being spent on doubling certain sections of the Bengal Nagpur Railway. 38 lakhs have been provided for the doubling of the Grand Chord on the East Indian Railway and 34 lakhs for quadrupling the Bandra-Borivli and Bandra-Grant Road sections of the Bombay, Baroda and Central India Railway and the Bassein bridges on the same Railway are being rebuilt.

New construction.

Eight and half crores of rupees are required for new construction. A full list of the lines which are under construction or the construction of which we hope to begin next year will be found in Demand No. 7. There are 40 of them with an aggregate mileage of 2,138 miles, and a reference to that Demand will show that we are embarking on a programme of new construction which will eventually cost more than 44 crores of rupees. It is a large sum of money, but the financial prospects of the various projects have been carefully examined, and we believe that these lines will pay us handsomely. I am confident that the House will thoroughly approve of a bold policy of remunerative railway development. My own conviction is that the best way in which the Government can foster the expansion of Indian trade and Indian industries and thereby increase the wealth and prosperity of India is by extending her railway system. I do not think it can be denied that we are behind hand in this matter. In this great continent with its 318 million inhabitants we have only 38,000 miles of railway. Contrast England with its 50,000 miles and the United States of America with its 250,000 miles. If you look at a map of India, you see great gaps in which there are no railways. The Raipur-Parvatipur Railway—a railway I may mention in passing the construction of which is dependent on the opening of a harbour at Vizagapatam—will fill in one of these gaps. It will open up a great tract of 125,000 square miles which at present is entirely without railway communication. Incidentally it will provide the east of the Central Provinces with an outlet to the sea. The central coalfields railway will fill in another gap. Madras has always complained that she has been starved of railway development, and in the south of the Presidency we hope to take up four projects covering some 300 miles of railway, namely, the Villupuram-Trichinopoly, Virudunagar-Tenkasi, Dindigul-Pollachi and Trichinopoly-Karaikudi lines. It is the same with Burma and we have several lines either under construction or in the programme for that country. I may mention that the Chief Commissioner and Mr. Sim paid a prolonged visit to Burma last December, and discussed railway development in Burma with Sir Harcourt

Butler and his Government. That is part of our policy now. The Railway Board by frequent tours tries to keep in closest possible touch with Local Governments in regard to railway matters.

New policy in regard to Branch and Feeder Railways.

What I have just said about our proposals for new construction leads on to a reference to the new policy which we have formulated, in consultation with the Central Advisory Council, in regard to Branch and Feeder Lines. The House is no doubt aware that 30 years ago when the Government of India themselves were in difficulties for money for new capital expenditure, a system was originated of financing the construction of Branch and Feeder lines through Branch Line Companies guaranteed by Government. For the encouragement of such Companies, Branch Line terms were drawn up and were kept on tap. These were the terms on which Government were prepared to give to private Companies for money required for the construction of Branch or Feeder lines. This system undoubtedly enabled lines to be built which otherwise would not have been built, but in other respects it came in for severe criticism from the Acworth Committee, which indeed thought that the aim should be rather to reduce the number of existing private Companies than to create new ones. We have recently had the whole subject under our consideration. The existing Branch Line terms are quite out of date. If they are to serve the purpose for which they were originally intended, we should have to revise them on much more liberal lines, and with the approval of the Central Advisory Council we do not propose to undertake that revision. We think that the more economical and better course is for us to construct ourselves remunerative new lines. I do not think that the House need fear that this policy will lead to a slowing down of new construction. In the Railway Board we have new projects under constant examination, and indeed the capital expenditure on the new projects included in Demand No. 7 is four times as great as all the capital raised in the last 30 years by Branch Line Companies. Nor do we propose to neglect projects which, though they cannot be classed as remunerative, may be required by Local Governments for administrative or other reasons. We are quite prepared to consider any such project, provided that the Local Government is prepared to guarantee it from provincial revenues.

Local Governments thoroughly approve of this new policy, and we are already constructing two lines on this basis, the Shoranur-Nilambur line in Madras and the Moulmein-Ye line in Burma. Other projects are under examination.

Compensation claims.

Before I leave the Budget proper, there are one or two special points to which I wish to draw attention. One is that of compensation claims. In 1922-23 the amount paid in compensation claims reached the enormous figure of 121 lakhs, a figure which very naturally attracted unfavourable comment

from the Inchcape Committee. In 1923-24 we succeeded in reducing payments under this head to 78 lakhs. This year we hope that there will be a further fall to 67 lakhs and in 1926-27 we are providing only 47 lakhs. This substantial reduction has been effected by unremitting work on the part of the Railway Administrations and the Railway Board. Improvements in office-procedure have enabled claims to be disposed of more expeditiously; watch and ward staffs have been strengthened; and generally better arrangements have been made to cope with what is a very serious evil.

Coal contracts.

The other matter to which I wish to refer is our coal bill. Last year by negotiations in Calcutta the Railway Board managed to secure a revision of the coal contracts which pressed so hardly upon us. We have also been devoting special attention to economy in fuel consumption, and the result is that in spite of the very much larger traffic carried in the current year than in 1923-24, we expect our total coal bill to be less by 18 lakhs. In 1925-26, in spite again of the further increase of traffic for which we are providing, we hope for a further reduction of 19 lakhs in our expenditure on coal.

Indianisation.

Before I sit down there are one or two other matters to which, I think, the House will wish me to refer in spite of the fact that they are not directly concerned with finance. One of course is the question of Indianisation. Three statements have been included in the Budget Memorandum, giving the number of Indians, Anglo-Indians and Europeans in the gazetted ranks of Indian Railways, and similar statistics for subordinate posts carrying a pay rising to Rs. 250 per mensem and over. These statements show that in the 12 months ending October 1924 the number of Indians in superior appointments rose from 280 to 310 and the number of Indian upper subordinates from 1,821 to 1,929. On State Railways other than the East Indian Railway, which we have only just taken over, Indians already fill about 30 per cent. of gazetted posts, and though I suppose the Railway Department has the reputation of being the most stiff-necked Department of all in this matter, I doubt whether there are many departments which can show equal results. But what I am concerned with is the future rather than the past. We have accepted the recommendation of the Lee Report that 75 per cent. of recruits for Superior Departments in the Railway Service should be recruited in India, and what I wish to say is that the provisional proposals of the Railway Board in regard to recruitment and training which have been formulated in order to carry the above recommendation into practical effect are now ready, and I hope to discuss them with the Central Advisory Council before the present session ends. Hon'ble Members are apt to complain that few Indians have risen to high posts in the Railways and none to the Railway Board. That is true. But they must remember that it is only in recent years that Indians have joined

the gazetted ranks of railway offices in any number, and time must be allowed for them to find their way to the top. The question of subordinate posts is much more difficult. In one sense, of course, it is not a racial question at all. It is rather a communal question. To a very large extent the Subordinate Railway Service is already Indianised in that the posts are largely held by Anglo-Indians. Leaving this point aside, the difficulty is this. When railways were first started in India and for many years afterwards, Indians did not come forward for work of this kind, and railways got more and more into the habit of relying on the European of the country and the Anglo-Indian. It is work for which the Anglo-Indian appears to be specially fitted. Possibly he has acquired a sort of hereditary aptitude for it. At any rate, he has made good, the railway authorities are accustomed to him and like to employ him in subordinate railway appointments. Now there is a change. Indians wish also to be employed in these appointments, and they complain that they are up against vested interests and that subordinate railway employ is, so to speak, the close preserve of the Anglo-Indian. The complaint, I think, is specially directed towards the subordinate Traffic Department and indeed it is a noticeable fact that at all important stations almost every railway official in a position of authority that one sees is a European or an Anglo-Indian. Now all I can say on this problem is this. It is impossible to make any immediate drastic change. I am not prepared to say that Anglo-Indians or Europeans who are working well should lose their jobs or their promotion in order to make way for Indians. But what I do say is that the Indian should have his chance. If the Indian of the requisite education is prepared to go through the drudgery, the hard work and the irregular hours, which are a pre-requisite to promotion to the better posts in the subordinate traffic service, then he should get the chance of doing so, and, if he proves himself fit for promotion, he then should get his promotion. That I consider is the only possible policy, and it is with this policy in view that we are starting a training school on the 1st March at Chandausi. One of the functions of this school will be to train subordinates particularly for the Transportation Department.

Stores Purchase Policy.

Another important question to which the House attaches great importance is the extent to which railway materials are obtained in India. In the report by the Railway Board on Indian Railways for 1923-24 the matter is discussed at length and the purchases of materials are analysed in detail under each head. From the detailed explanations there given, it will be seen that orders have been placed in India wherever possible, and that it has only been in cases where it was found impossible to obtain materials in India at a reasonable price that orders have gone abroad. In the supply of rails, for example, orders were placed in this country which were greater than the Tata Iron and Steel Company were able to comply with. In the current year two important developments in this matter have taken place. Owing to the adoption

by the Assembly of the recommendations of the Tariff Board for the grant of bounties to the wagon building industry, we have been able to place orders for the supply of wagons up to the full capacity of the firms in India engaged in the industry. It has also been decided, with the concurrence of the Central Advisory Council, to obtain the services of a timber expert from the Forest Department in order to enable the railways to make full use of the supply of Indian timbers, not only for sleepers but for other purposes such as body work in coaching stock. I think we can confidently challenge any one to show that orders have gone abroad which could reasonably have been placed in India.

Passenger fares.

Another question in which the House I know takes a great interest is that of passenger fares, and I believe that there is a certain soreness that whereas some reductions have been made in upper class fares, third class fares have remained untouched. I should just like to explain the railway point of view. We apply the practical railway criterion, 'Can the traffic bear the rate?' Now I would ask the House to apply this maxim to the problem as I shall put it before them. The following are the relevant statistics in regard to 1st class passengers:—

Year.	Number (thousands).	Earnings (lakhs).
1921-22	1,163	138
1922-23	918	139
1923-24	817	129

It will be seen that we lost not only in passengers but in earnings. That is why some railways judged it necessary to reduce 1st class fares.

Take again 2nd class passengers. Here are the figures.

Year.	Number (thousands).	Earnings (lakhs).
1921-22	6,549	228
1922-23	5,134	211
1923-24	4,538	195

Here again there was a progressive decline both in passengers and earnings, and again a number of railways found it necessary to reduce fares.

Third class statistics tell a different story.

Year.	Number (millions).	Earnings (lakhs).
1921-22	491	2,841
1922-23	503	3,220
1923-24	513	3,291

It will be seen that there was a progressive increase both in passengers and earnings. The annual rate of increase perhaps is slower than it was before the war, and it might be argued that a reduction in fares would pay us by the increase of passengers it would bring us. But in the first place we should be taking risks. If there were no increase of passenger traffic, even a reduction of ½ a pie per mile in 3rd class fares would cost us 4½ crores a year. Secondly, even assuming that there were a large increase in passenger traffic, it is certain that we should not have sufficient coaching stock to carry the increased traffic. I have already said that we are providing in the budget in terms of four-wheelers for 755 new third class carriages. The provision we have made is limited by the capacity of our workshops, and we propose to consider whether we cannot adopt other measures which will enable us to put more coaching stock on the lines. That, I think, is all I can usefully say on the subject at present. It is a question which we have under constant examination.

Conclusion.

I am afraid that I have already wearied the House and I will bring my speech to a close. The year which is now ending has been marked by many important events. Two of these indeed are of outstanding importance, namely, the taking over the East Indian Railway and the separation of Railway finance from General finance. But the real importance of the year in my opinion lies in the evidence it affords of a real advance towards live, efficient, business management of the Indian Railways. Some one said the other day in the Central Advisory Council that there was a new spirit abroad in the Railway Board. I believe that remark to be true, and if it is true, the credit rests with two men, Mr. Hindley and Mr. Sim. But, Sir, it is not only in the Railway Board that that new spirit is abroad, and we, who are ultimately responsible to the House for the management of the Indian Railway system, know how much we are indebted, for loyal co-operation and unremitting work, to Railway Agents and Railway officers and men throughout India.

APPENDIX IX.

Summary of Recommendations of the Lee Commission.

APPOINTMENT AND CONTROL OF THE SERVICES.

(*a*) *Services employed in reserved fields.*

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(i) The All-India Services employed in reserved fields of administration should continue to be appointed and controlled by the Secretary of State for India in Council 13

(*b*) *Services employed in transferred fields.*

(ii) For the purposes of Local Governments, no further recruitment should be made to the All-India Services as such, operating in transferred fields. The personnel required for these branches of administration should, in future, be recruited by Local Governments (For the Medical Services see v, vi, vii *below*) . . . . 14—15, 17

(iii) Local Governments should have power to make rules to regulate not only the Public Services which will take the place of the present All-India Services operating in transferred fields, but also the existing Provincial Services. The Secretary of State should make the necessary delegation of powers under Section 96 B of the Government of India Act accordingly. As a corollary, Local Legislatures should pass Public Service Acts regulating these Services 16

(*c*) *Central Services.*

(iv) Appointments to certain of these Services as specified in paragraph 19 should be made by the Secretary of State. The Government of India should appoint to the remainder . . . . . 18—19

RE-ORGANISATION OF MEDICAL SERVICES.

(v) A new Civil Medical Service should be constituted in each Province and recruited by competitive examinations held both in England and in India, the medical needs of

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both the British and Indian Armies in India being met, in future, by the "R. A. M. C. (India)." Every officer of the new Provincial Civil Medical Services should be liable for service with the R. A. M. C. (India) in the event of general mobilisation . . . . . 20—23c

(vi) To meet the medical needs of British Officers in the Civil Services and their families, a minimum number of British officers should be maintained in the Civil Medical Service herein proposed. These minima should be prescribed for each Province by the Secretary of State, on whom, in the last resort, should rest the responsibility for their maintenance. Of this British element, one half or the number required for the military reserve whichever is the larger, should be reserved for British officers to be seconded from the R. A. M. C. (India). In default of the remainder being forthcoming by competitive examination for the Civil Medical Service, the deficiency should be made up by increased seconding from the R. A. M. C. (India) or, if necessary, by special additional recruitment for that purpose . . . . . 23 d, e, f,

(vii) Subject to the existing rights of present members of the Indian Medical Service, all scientific chairs in Government Colleges and Hospitals, should, in future, be thrown open to all candidates, the clinical chairs being reserved for members of the Civil Medical Services, however recruited, so long as fit candidates are available 23g

THE PUBLIC SERVICE COMMISSION.

(viii) The Public Service Commission contemplated by the Government of India Act should be constituted without further delay. It should be an All-India body and consist of five Commissioners of the highest public standing, detached so far as practicable from political associations and possessing, in the case of two of their number at least, high judicial or legal qualifications . 24—26

(ix) The functions of the Commission should fall, at the outset, into two categories, (*a*) recruitment, (*b*) certain functions of a quasi-judicial character in connection with the disciplinary control and protection of the Services 27

(x) As regards (*a*), it should be charged with the duty of recruitment for the All-India Services, as the agent of the Secretary of State, so far as it is carried out in

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India, and of recruitment for the Central Services (and, if a Local Government should so desire, for the Provincial Services) as the agent of the Secretary of State, the Government of India or Local Government as the case may be. The Commission should also be the final authority for determining, in consultation with the Secretary of State, the Government of India or Local Governments, as the case may be, the standards of qualification and the methods of examination for the Civil Services so far as recruitment in India is concerned 27

(xi) As regards (*b*), appeals to the Governor-General in Council by an aggrieved officer against such orders of Local Governments as are declared by the Governor-General in Council to be appealable should be referred to the Commission, which should report its findings to the Governor-General in Council and its recommendations as to action, without prejudice to the right of appeal of the aggrieved officer to the Secretary of State provided the Commission certify his case as a fit one for such appeal. Appeals from the Government of India which now lie to the Secretary of State should, in the first instance, be referred to the Commission in the same manner as in the case of appeals to the Government of India, and the Commission should submit its report to the Secretary of State. When a breach of the legal covenant (see recommendation liii) between an officer and the appointing authority is alleged, the Commission should certify whether *primâ facie* it is a fit case for adjudication in a Civil Court. If such certified case is sustained by the Court, the whole costs should be defrayed by the Government concerned . 27—28

(xii) Apart from the determination of standards of qualification and methods of examination the Commission would not ordinarily be concerned with Provincial Services. Its knowledge and experience would merely be placed at the disposal of Local Governments if desired. The Chairmen of Provincial Selection Boards would constitute the link between the Commission and the Local Governments . . . . . 26, 29—30

INDIANISATION.

Indian Civil Service.

(xiii) A proportion of 50 per cent. Europeans and 50 per cent. Indians in the cadre should be attained within

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about 15 years from the time that the new rate of recruitment recommended comes into force. It has been calculated, on certain assumptions regarding abnormal retirements, that recruitment on the basis of 40 per cent. Indians directly recruited, and 20 per cent. Indians promoted from the Provincial Service, will produce that result . . . . . 35—36

Indian Police Service.

(xiv) Out of every 100 recruits, 50 should be Europeans directly recruited, 30 should be Indians directly recruited, and the remaining 20 should be Indians obtained by promotion from the Provincial Services. On certain assumptions regarding abnormal retirements, the corresponding cadre of 50—50 should be attained in about 25 years from the time that the new rate of recruitment comes into force. In any year in which the full quota of 30 per cent. directly recruited Indians is not obtained by open competition, the balance should be made good by additional promotion, preferably of young officers of not more than five years' service who have been directly recruited as Deputy Superintendents of Police . . . . . 37—38

Indian Forest Service.

(xv) Recruitment should be in the ratio of 75 per cent. Indians and 25 per cent. Europeans in those Provinces in which Forest administration is reserved . . . 39

Indian Service of Engineers.

(xvi) Recruitment for that portion of the cadre working entirely in the Irrigation Branch in Provinces in which it has been separated from the cadre working in the Buildings and Roads Branch should be in the ratio of 40 per cent. Europeans, 40 per cent. directly recruited Indians and 20 per cent. Indians promoted from the Provincial Service. In those Provinces in which no division of the cadre has been made there should be no change in the existing ratio of recruitment for the combined cadre 40

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Central Services.

(xvii) (*a*) *Political Department.*—Twenty-five per cent. of the total number of officers recruited annually should be Indians, who should be obtained, as at present, from the Indian Civil Service, the Provincial Civil Service and the Indian Army 42*a*

(*b*) *Imperial Customs Service.*—Recruitment should remain on the present basis, *i.e.*, not less than half the vacancies are to be filled by appointment in India of statutory natives of India 42*b*

(*c*) *Superior Telegraph and Wireless Branch.*—Recruitment should be 25 per cent. in England and 75 per cent. in India 42*c*

(*d*) *State Railway Engineers: Superior Revenue Establishment, State Railways.*—The extension of the existing training facilities in India for these Services should be pushed forward in order that recruitment in India may be advanced so soon as practicable up to 75 per cent. of the total number of vacancies in the Railway Departments as a whole, the remaining 25 per cent. being recruited in England 42*d*

(*e*) Recruitment for the remaining Central Services should be at the discretion of the Government of India . . 42*e*

(*f*) In services dealt with in (*b*), (*c*) and (*d*), recruitment should be by open competition 42*f*

THE PAY OF THE SERVICES.

All-India Services.

(xviii) Apart from the Indian Police Service and the Indian Service of Engineers, it is not proposed to increase the basic pay of the Services. In the Indian Police Service the basic pay of the inferior scale should be raised by Rs. 25 a month. The basic pay of the superior scale which begins at the 6th year of service should be increased by Rs. 50 a month up to the 10th year of service, then by Rs. 75 a month to the 13th year of service, then by Rs. 100 a month for the ensuing four years, then by Rs. 75, Rs. 50 and Rs. 25 a month for the 18th, 19th and 20th year of service, thereafter remaining as at present . . . . . 51—52

The technical pay of the Indian Service of Engineers should be reckoned as part of the basic pay . . . 59

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(xix) For Services other than the Indian Police Service and the Women's Branch of the Indian Educational Service, the rise in overseas pay from Rs. 150 where it occurs, should be to Rs. 250 instead of Rs. 200 as at present; while from the 12th year of service onwards the rate of overseas pay should be raised from Rs. 250 to Rs. 300. In the Indian Police Service, recruits for which are about three years younger than in the other Services, the rupee rates of overseas pay should be Rs. 100 in the first three years, Rs. 125 in the fourth, Rs. 150 in the next four years, Rs. 250 in the next six years, and Rs. 300 in the 15th year and thereafter to the end of the time-scale 53

(xx) In all Services, including the Indian Police Service but not the Women's Branch of the Indian Educational Service, from the 5th year of service onwards, every officer of non-Asiatic domicile should be entitled to remit his total overseas pay through the High Commissioner at 2*s.* to the rupee or two draw it in London in sterling at that rate. Indian members of the Services who are already entitled to overseas pay should draw the increase proposed, but should only be entitled to the remittance privilege if they can satisfy the High Commissioner that they have wives or children in Europe . 54

(xxi) Officers promoted to the selection grade in the Indian Police Service, the Indian Medical Service, the Indian Agricultural Service, the Indian Veterinary Service, and to the senior and junior selection grades in the Indian Educational Service should draw the maximum overseas pay and receive the sterling advantage described in (xix) and (xx) respectively 54

(xxii) The pay of officers holding lower administrative posts, i.e., Deputy Inspectors General of Police, Superintending Engineers and Conservators of Forests, should be fixed at Rs. 2,150 instead of the present incremental pay of Rs. 1,750—100—2,150 55

(xxiii) With regard to other administrative posts above the time-scale, the divergent views of the English and Indian Members respectively are set out in Appendix IV 55

(xxiv) The Women's Educational Service have a claim to some improvement in their emoluments, but not necessarily to the same extent as that recommended for the All-India Services generally. The Government of India should give special consideration to this case and make the necessary recommendation to the Secretary of State 56

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Central Services.

(xxv) In principle, the concessions proposed for members of the All-India Services should *mutatis mutandis* be granted to all European officers in the Central Services appointed by the Secretary of State and to those European officers who, though appointed by the Government of India, were so appointed on the basis of a non-Asiatic domicile 57

Miscellaneous Services.

(xxvi) Officers appointed in future to the judicial branch of the Indian Civil Service should not receive "judicial pay." It should not, however, be withdrawn from existing recipients 58

(xxvii) The "technical" pay of the Superior Telegraph Branch should be reckoned as part of the basic pay . 59

(xxviii) Military officers serving in the Political Department should receive the same pay as officers of the Indian Service in that Department 60

(xxix) Public Works Department specialist officers appointed by the Secretary of State and holding permanent appointments should receive the same concessions as officers of the Indian Service of Engineers. In the case of those specialists appointed by the Secretary of State and serving under contract, if their contract contains a clear implication that permanent employment is contemplated subject to approved service, such contract should be revised to give an improvement comparable with that proposed for the Indian Service of Engineers. The cases of specialist officers appointed by Local Governments should be treated generally on the above lines. The same general principles apply also to specialist officers in other departments such as forest specialists, agricultural engineers and officers holding various miscellaneous appointments 61

PASSAGES.

(xxx) An Officer of non-Asiatic domicile in the Superior Civil Services should receive four return passages during his service (of the standard of P. & O. First Class B) and, if married, his wife should be entitled to as many return passages as may be to his credit. One single passage should be granted to each child . . . 62—63

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(xxxi) Officers already in the service, who have served less than 7 years, should be entitled to four return passages for themselves and their wives, those with over 7 years and less than 14 years should be entitled to three, those with over 14 years' and less than 21 years' service should be entitled to two, and officers with 21 years' service and over to one. The scheme should be extended to Indian officers in the Indian Civil Service who were recruited by the Secretary of State and who receive overseas pay but should not extend to their families . 63

(xxxii) The family of an officer who dies in service should be repatriated at Government expense even though he has exhausted the full number of passages admissible . 63

(xxxiii) An addition of Rs. 50 or such amount as may from time to time be deemed sufficient by Government for the purpose of financing the above concessions, should be credited monthly to the pay of all British members of the Superior Civil Services entitled to passage concessions (probably Rs. 25 a month will suffice for Indian members). This sum should be deducted at the source and transferred to a special "Passage Fund" in which the contributions thus made by every officer should accumulate and on which an officer requiring funds for the payment of passages should be allowed to draw. Any surplus in this fund will revert to Government. The monthly additions credited to pay under this proposal should not count towards pension, or leave or furlough allowance . . . . . 64—65

PENSIONS.

Indian Civil Service.

(xxxiv) Having regard to the fact that in 1919 officers were relieved of the necessity of contributing 4 per cent. of their salary towards their pensions, no increase is recommended in the ordinary pension of this Service, nor is it possible to reopen the question of extending the recent concessions made regarding the refund of past contributions 67

(xxxv) Members of the Indian Civil Service, who attain to the rank of Members of Council, should be given an increased pension at the rate of £50 per annum for each year of service, as such, up to a maximum pension of £1,250. Those who serve as Governors of Provinces should similarly be given £100 for each year of service, as such, up to a maximum pension of £1,500 per annum 68

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(xxxvi) No change should be made in the existing scale of invalid annuities so far as the Indian Civil Service is concerned 69

Uncovenanted Services.

(xxxvii) The present pension of Rs. 5,000 per annum, earned after 25 years' service (equivalent at the privilege rate of 1*s.* 9*d.* to the rupee to £437 10*s.*), rising by Rs. 200 per annum to Rs. 6,000 after 30 years' service (equivalent to £525 per annum), should be increased to Rs. 6,000 and Rs. 7,000 respectively, *i.e.*, to £525 and and £612 10*s.* per annum respectively. The maximum pensions, taking account of additional pensions earned by service in higher appointments, will then become Rs. 8,500 (lower grade) and Rs. 9,500 (upper grade), equivalent at 1*s.* 9*d.* to £743 15*s.* and £831 5*s.* per annum respectively 70

(xxxviii) The limit of 10 years before which an invalid annuity can be earned in the Uncovenanted Services should be reduced to seven, and the existing maxima raised, as shown on page 41 72

PROPORTIONATE PENSIONS.

(xxxix) No addition to proportionate pension should be given as compensation for loss of career on voluntary retirement 74*h*

(xl) The privilege of retiring on proportionate pension should be extended to officers recruited in 1919 who, through no fault of their own, did not arrive in India before 1st January, 1920 . . . . . 74*ii*

(xli) No change should be made in the existing rule laying down that war service of officers prior to their appointment does not count as service for the purposes of proportionate pension 74*iii*

(xlii) The privilege of retirement on proportionate pension should not be extended to members of the Central Services 74*iv*

(xliii) A rule should be made and a clause inserted in the contracts (see paragraph 74) of all future British recruits to the All-India Services, to the effect that if and when the field of service for which they have been recruited is transferred, it shall be open to them either:—

(*a*) To retain their All-India status;

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(*b*) To waive their contracts with the Secretary of State and to enter into new contracts with the Local Governments concerned; or

(*c*) To retire on proportionate pension, the option to remain open for one year from the date of transfer 74v

(xliv) Existing members of the All-India Services now operating in reserved fields, who do not make use of their privilege of retiring on proportionate pension before action has been taken on the report of the Statutory Commission of 1929, and officers who joined the service since 1st January, 1920, should be allowed the option in (xliii), if and when the field in which their service operates is transferred 74v

(xlv) The existing rule should be maintained under which officers of the Indian Medical Service in civil employ of less than 17 years' service, may not retire on proportionate pension unless the military authorities are unable or unwilling to absorb them in military employ . 74vi

EXTRAORDINARY PENSIONS.

(xlvi) A new rule should be made to cover the case of officers killed or injured whilst not actually in the execution of their duty, but for reasons connected with their official position or actions 75

PROVIDENT FUNDS.

(xlvii) The advisability of substituting provident funds for pensions for future recruits should be carefully considered. If the change is feasible, and acceptable to the Services, it should be made without delay. The application of such a scheme to present members of the Services should also receive expert examination . . 76

FAMILY PENSION FUNDS.

(xlviii) Family Pension Funds, on the lines of that already existing for the Indian Civil Service, should be introduced for the other All-India Services as soon as practicable 77

(xlix) An independent actuarial investigation into the position of the Indian Civil Service Family Pension Fund should be undertaken as soon as possible. A Board

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consisting of a retired member of the Service, a representative of the India Office and an independent actuary should be constituted to administer the Fund, subject to the final control and supervision of the Secretary of State 78

(l) The existing Indian Civil Service Family Pension Fund should be closed as soon as practicable and a new fund opened, divided into Indian and European branches . 78

SAFEGUARDS.

"Existing and Accruing Rights."

(li) The Secretary of State should refer claims from a member or the members of a Service for compensation for the abolition of a higher appointment for consideration and report by the Public Service Commission. The Indian Commissioners would limit the references to the Public Service Commission to cases other than those necessitated by retrenchment or curtailment of work . 81—82

Commutation of Pension.

(lii) All officers should be allowed to commute up to one half of their pension, and the rates on which commutation value is based should be revised year by year, if necessary, on the basis of the rate of interest payable on loans raised by Government in that year . . . 84

Legal Covenant.

(liii) Mutually binding legal covenants, enforceable in a Civil Court, should be entered into between all future recruits and the authority appointing them. To secure the position of existing members of the Services a similar contract should be entered into, and so framed as to cover the remaining liabilities of their service. The contract should include clauses securing pay, leave rules, passages, remittance privileges, pension rules, etc., and the right to compensation in the event of dismissal without due notice or any breach of conditions of contract; as well as the right to retire on proportionate pension in certain circumstances . . . 85

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Votability of Government Contributions to Provident Funds.

(liv) The Governor-General should consider whether he might not construe such contributions as "pension" within the meaning of the Government of India Act in accordance with section 67 A (4) thereof and all Governors should consider the same point in accordance with section 72 D (3) 87

Position of Specialist Officers.

(lv) A specialist officer on a contract for a definite period whose services have been dispensed with before the end of his term for reasons other than unsatisfactory performance of his duties, for example, on grounds of economy, has a claim to special compensation. The amount of compensation should be fixed by the Government responsible, in consultation with the Public Service Commission 88

Officers of All-India Services not appointed by the Secretary of State.

(lvi) Officers, including ex-Army officers in the Indian Police Service, not appointed by the Secretary of State but with his approval, should be reappointed by him from the date of their original appointment, so as to secure for them the same privileges as are enjoyed by other officers of the same Service 89

HOUSE RENT.

Houses supplied by Government.

(lvii) In assessing rent, interest should be calculated on the cost of construction, but nothing should be included in respect of the cost (if any) of the site. The capital cost of electrical and sanitary fittings should be included in the capital cost of the building.

On the capital cost so calculated the rent of the house should be assessed at not more than 6 per cent. The rent so calculated should be the annual rent payable by the tenant provided that he should not have to pay more than 10 per cent. of his monthly emoluments for the period of his occupation of the house. The cost of any restoration or special repairs should

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not be added to the capital cost of the building but any alterations which add to the accommodation and are made at the tenant's request, should be added to the capital cost and the rent raised in proportion . 90—92

Private Houses.

(lviii) Where it is necessary to give relief to an officer on account of excessive rent charged by private landlords, the relief should be included in a compensatory local allowance and be calculated in a compensatory local allowance and be calculated to cover, on an average at least, the excess over 10 per cent. of his emoluments which such officer has to pay for accommodation reasonably sufficient for his status and proportionate to his pay 92

MEDICAL ATTENDANCE.

(lix) The principle that attendance by medical officers of their own race should be available for members of the Services and their families should be accepted. It is recommended that:—

(*a*) Districts of a Province should be grouped and a British medical officer posted to one station in each group within easy reach of each district . 93*a*

(*b*) In stations where there is no British medical officer travelling allowance for the officer and his family should be granted to the nearest station where there is such an officer. Alternatively, if more convenient, the travelling expenses of the medical officer should be paid by Government to enable him to visit the patient . . . 93*b*

(*c*) In serious cases it should be open to the doctor first consulted to give a certificate authorising the patient to travel to the nearest station where adequate treatment can be given and the certificate should qualify the patient for travelling allowance 93*c*

(*d*) The services of military medical officers where no other medical officers are available should be at the disposal of civilian officers and their families upon payment of normal fees 93*d*

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(*e*) Officers if treated in hospital should not be liable for medical, surgical or nursing charges. Normal fees should be chargeable for their wives and families 93*e*

Free medical attendance for the wives and families of officers should not be provided 94

LEAVE RULES.

(lx) The existing leave rules are sufficiently liberal and require no alteration 95

BURMA.

(lxi) All recommendations in this Report (including those relating to Indianisation and Provincialisation) apply to Burma. The Secretary of State, in consultation with the Government of India and the Local Government, should make any necessary adjustment in regard to the distribution of future recruits to the All-India Services as between Burma and other Provinces . 96—98

DATE AT WHICH THIS REPORT SHOULD COME INTO EFFECT.

(lxii) The recommendations in this Report should take effect from the commencement of the financial year 1924-25 . 99

RECRUITMENT.

(lxiii) (*a*) In the interests of recruitment it is important that every officer should have a reasonable measure of security. Uncertainty arising from the possibility of the abolition of posts is dealt with in (li) above 102

(*b*) As regards the risk that the officer may find the conditions of his service uncongenial, the recommendation in (xliii) provides a regular means of withdrawal without great financial injury 103

(*c*) Efforts should be made to stimulate recruitment by well-considered propaganda. With this in view the India Office should establish some permanent liaison with the British Universities 103

(*d*) A full and candid explanation of the present position in India, and of the conditions of service under the reformed system, with precise details as to pay, pensions and other privileges, and the measures of protection and security provided, should be made available for prospective recruits 103

PARAS.

(*e*) The age limit for candidates for the Indian Civil Service examination in England should remain as it is fixed for the present year, that is, a candidate must have attained the age of 21 and not have attained the age of 24 on the 1st day of August 104*a*

(*f*) The present probationary period of one year should also be retained 104*b*

(*g*) The existing system of open competitive examination for the selection of candidates for the Indian Civil Service should be continued 104*c*

(*h*) Officers should be recruited for the All-India Services, as at present, on the basis of a permanent career and not on short-term contracts 105

(lxiv) The main proposals in the Report are vitally interdependent and, in view of the urgency of the case, it is recommended that they should be considered as a whole and acted upon with as little delay as possible . . 108

APPENDIX X.

Resolution of the Legislative Assembly upon the separation of Railway Finance from General Finance.

"This Assembly recommends to the Governor General in Council that in order to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates and to enable railways to carry out a continuous railway policy based on the necessity of making a definite return to general revenues, on the money expended by the State on railways:

(1) The railway finances shall be separated from the general finances of the country and the general revenues shall receive a definite annual contribution from railways which shall be the first charge on the net receipts of railways.

(2) The contribution shall be based on the capital at charge and working results of commercial lines, and shall be a sum equal to one per cent. on the capital at charge of commercial lines (excluding capital contributed by companies and Indian States) at the end of the penultimate financial year *plus* one-fifth of any surplus profits remaining after payment of this fixed return, subject to the condition that, if in any year railway revenues are insufficient to provide the percentage of one per cent. on the capital at charge, surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good.

The interest on the capital at charge of, and the loss in working, strategic lines shall be borne by general revenues and shall consequently be deducted from the contribution so calculated in order to arrive at the net amount payable from railway to general revenues each year.

(3) Any surplus remaining after this payment to general revenues shall be transferred to a railway reserve, provided that if the amount available for transfer to the railway reserve exceeds in any year three crores of rupees only two-thirds of the excess over three crores shall be transferred to the railway reserve and the remaining one-third shall accrue to general revenues.

(4) The railway reserve shall be used to secure the payment of the annual contribution to general revenues: to provide, if necessary, for arrears of depreciation and for writing down and writing off capital: and to strengthen the financial position of railways in

order that the services rendered to the public may be improved and rates may be reduced.

(5) The railway administration shall be entitled, subject to such conditions as may be prescribed by the Government of India, to borrow temporarily from capital or from the reserves for the purpose of meeting expenditure for which there is no provision or insufficient provision in the revenue budget subject to the obligation to make repayment of such borrowings out of the revenue budgets of subsequent years.

(6) A Standing Finance Committee for Railways shall be constituted consisting of one nominated official member of the Legislative Assembly who should be Chairman and eleven members elected by the Legislative Assembly from their body. The members of the Standing Finance Committee for Railways shall be *ex-officio* members of the Central Advisory Council, which shall consist, in addition, of not more than one further nominated official member, six non-official members selected from a penal of eight elected by the Council of State from their body and six non-official members selected from a penal of eight elected by the Legislative Assembly from their body.

The Railway Department shall place the estimates of railway expenditure before the Standing Finance Committee for Railways on some date prior to the date for the discussion of the demand for grants for railways and shall, as far as possible, instead of the expenditure programme revenue show the expenditure under a depreciation fund created as per the new rules for charge to capital and revenue.

(7) The railway budget shall be presented to the Legislative Assembly if possible in advance of the general budget and separate days shall be allotted for its discussion, and the Member in charge of railways shall then make a general statement on railway accounts and working. The expenditure proposed in the railway budget, including expenditure from the depreciation fund and the railway reserve, shall be placed before the Legislative Assembly in the form of demands for grants. The form the budget shall take after separation, the detail it shall give and the number of demands for grants into which the total vote shall be divided shall be considered by the Railway Board in consultation with the proposed Standing Finance Committee for Railways with a view to the introduction of improvements in time for the next budget, if possible.

(8) These arrangements shall be subject to periodic revision but shall be provisionally tried for at least three years.

(9) In view of the fact that the Assembly adheres to the Resolution passed in February 1923 in favour of State management of Indian Railways, these arrangements shall hold good only so long as the

East Indian Railway and the Great Indian Peninsula Railway and existing State-managed Railways remain under State management. But if in spite of the Assembly's Resolution above referred to Government should enter on any negotiations for the transfer of any of the above Railways to Company management, such negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly. If any contract for the transfer of any of the above Railways to Company management is concluded against the advice of the Assembly, the Assembly will be at liberty to terminate the arrangements in this Resolution.

Apart from the above convention this Assembly further recommends:

(*i*) that the Railway services should be rapidly Indianised, and further that Indians should be appointed as Members of the Railway Board as early as possible, and

(*ii*) that the purchase of stores for the State Railways should be undertaken through the organisation of the Stores Purchase Department of the Government of India."

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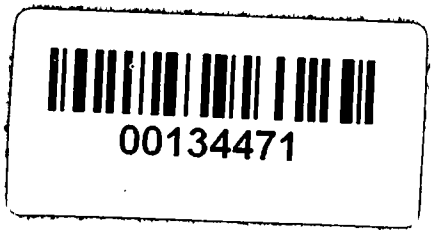
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